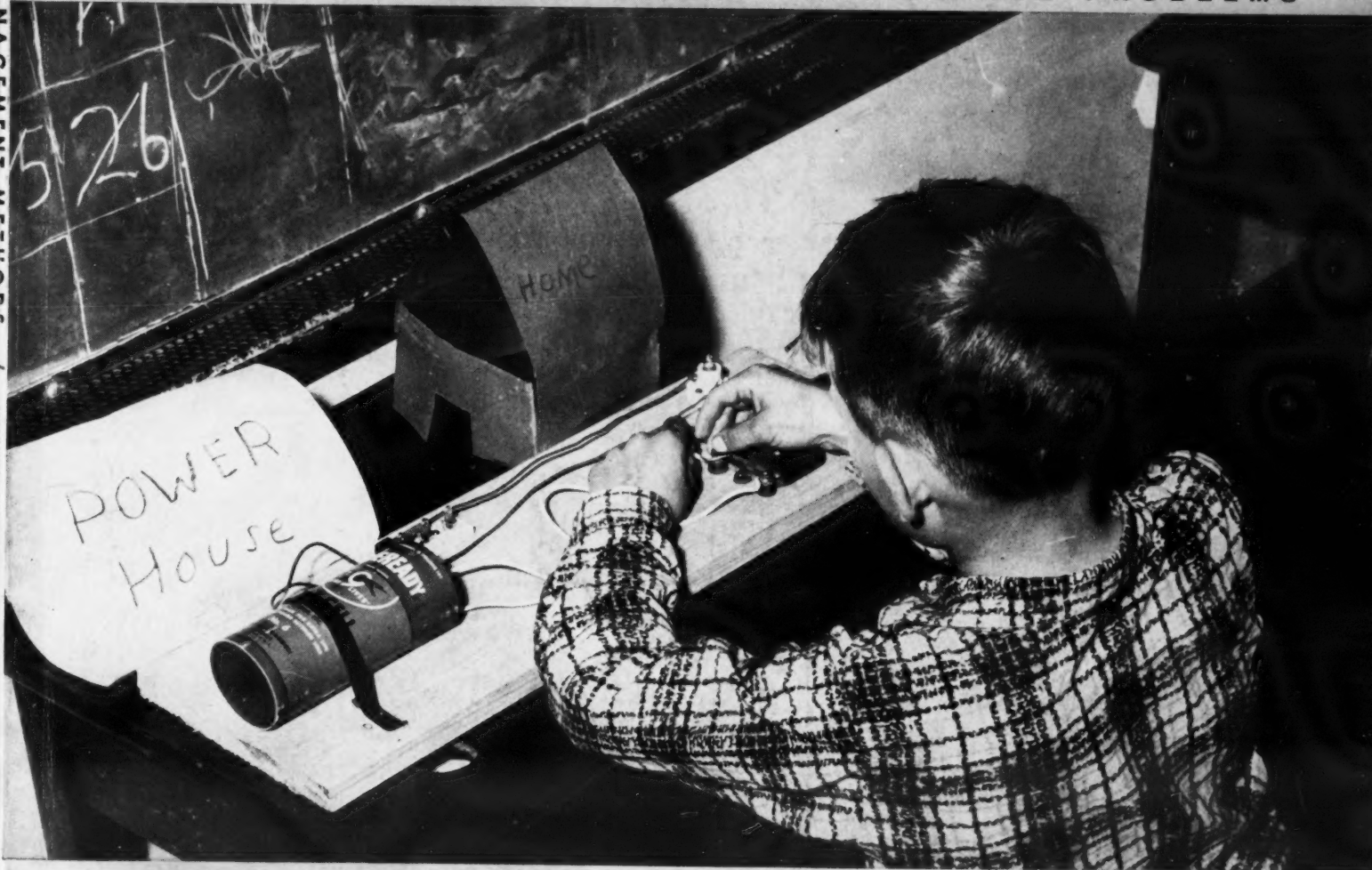


MANAGEMENT METHODS

JANUARY 1958

PRACTICAL SOLUTIONS TO ADMINISTRATIVE PROBLEMS



IT'S NOW OR NEVER—

What can a businessman do to improve his local schools?

"Plenty," says Henry Toy of Better Schools Council. "Schools need the cooperation, talent and resources that business firms can offer."

See page 18



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The New

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Here's deep-down, roomy *Royal* luxury to ease busy days—with styling to complement every office. Spacious coil spring seat has hair filled padding and ventilated seat pad—it stays cool! Thickly padded back and foam rubber arm rests top off unmatched comfort. All the famous *Royal* built-in features are here — upholstery of beautiful Royalpoint, Super-Tuftex, or a combination of both, in popular decorator colors; strong die-cast steel base with durable Plastelle enamel finish and scuff guards in harmonizing tones; silent soft-rubber ball bearing casters. Roominess, looks, comfort, quality—it adds up to real value!



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RECEPTION ROOM

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DEALERS AND SHOWROOMS COAST TO COAST



Model 1242
Executive
Swivel Arm Chair

THIS BEAUTIFUL MATCHING ARM CHAIR ADDS THE CROWNING TOUCH!

Model 942 Arm Chair incorporates the same quality construction features as Model 1242 Swivel Arm Chair. A compliment to visitors . . . ideal for your office, conference room or reception room. Welded square tubular steel frame; non-marring floor glides; choice of upholstery and finish in matching Swivel Arm Chair colors.



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One Park Avenue, New York 16, N. Y., Dept. 4-A
(In Canada: Royal Metal Mfg. Co. Ltd., Galt, Ont.)

Please send literature on Model 1242 Executive Swivel Arm Chair and Model 942 Arm Chair, also free Royal Office Furniture Booklet.

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Dept. MM

St. Petersburg, Florida

(For more information, see last page)

MANAGEMENT METHODS

MANAGEMENT METHODS

JANUARY 1958 • VOLUME 13 NO. 4

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HIGH, LOW & LAST, INC.

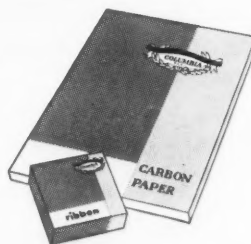
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"On stock transactions no longer do we err,
Because copies three and four no longer blurr," said Low to High.

"I'm high on Low," said Last. "Ever since he teamed our
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(For more information, see last page)

MANAGEMENT METHODS

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Policy re manuscripts: The object of MANAGEMENT METHODS is to offer practical solutions to administrative problems. For that reason we never highlight a problem without offering at least a partial solution or a recommended course of action. Whenever possible, we like to offer the reader something he can do right now to correct a procedure or solve a problem in his business.

Much of our editorial material comes from business and management specialists, as well as from active businessmen, at all levels of management. We endeavor to return all manuscripts. However, we assume no responsibility for material not specially requested by us.

Let Us Send You, With Our Compliments...

"AN ANSWER TO WORKER TENSION"

This Booklet Shows You How MUZAK Can Increase Your Company's Profits

MUZAK Corporation would like to send you, without obligation, a copy of this booklet. It will prove of actual profit value to you... because it tells how 20 years of practical experience and scientific research have developed a simple way to cut operating costs to a degree clearly visible on a balance-sheet.

The world has long been familiar with the powerful influence of music upon mind and body. But only in recent years have discoveries been made about the effect of music upon Worker Tension. And these have been applied by MUZAK to the development of an entirely new kind of music: *functional work music*.

A Tool of Modern Management

MUZAK is functional because it is created to perform a specific practical purpose. Like air conditioning, sound-proofing, fluorescent lighting, "music-while-you-work" by MUZAK has won a permanent place as a tool of modern management. It more than pays its way in increased efficiency and productivity. For example, typical of many such results, it has...

- Increased production 20% in the drafting department of the Fischer Lime and Cement Company of Memphis, resulting in a saving of \$300 to \$400 a month in one department alone.
- Increased production 9% and decreased absenteeism 7% for the Loft Candy Company of Long Island City.
- Reduced clerical errors in the auditing department of the City National Bank & Trust Company of Kansas City, by 11%.
- Increased production 5% and decreased absenteeism 5% for the National Gypsum Company of Buffalo.

MUZAK Does So Much... For So Many Kinds of Business

OFFICES find that MUZAK relieves the tensions caused by "noise fatigue" in rooms filled with the clatter of office machines. MUZAK penetrates noise barriers, masks out unwanted sounds.

FACTORIES AND PLANTS note a definite improvement in production and

efficiency. They also report less internal friction.

BANKS find it pays to provide MUZAK both to customers and to employees. It creates a "nice to do business here" atmosphere... and, by relieving Worker Tension, aids concentration of clerical workers.

MUZAK and TRAVEL MUZAK Reg. U.S. Pat. Off.

MUZAK is transmitted automatically from MUZAK studios in principal cities. Spot installations available for remote locations and TRAVEL MUZAK for trains, planes, ships and busses.

If you are interested in a MUZAK franchise, please write for further information.

- Increased output per operator in the work clothes plant of Bayly Manufacturing Company of Denver, by 10%.
- Increased key punch production of the Mississippi Power & Light Company's IBM operators to an 11-year high — two months after it was installed; and maintained this high level.

Why MUZAK Is So Effective In Reducing Worker Tension

MUZAK accomplishes such results because it is not "just any music." It is selected, recorded, and scientifically designed to do exactly what its subscribers report that it does do.

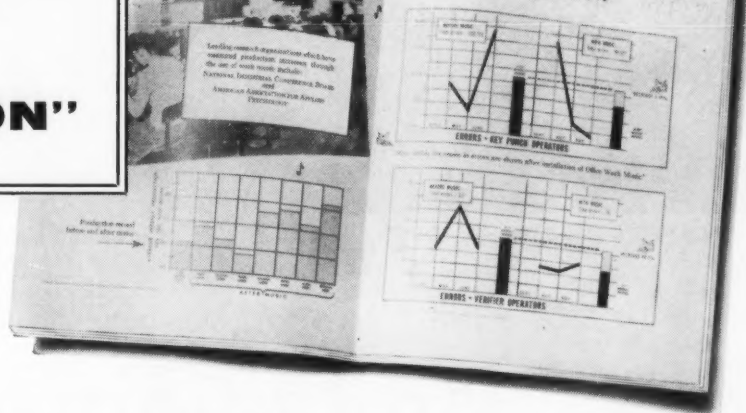
Every selection in MUZAK'S 10 million dollar library has been especially arranged, orchestrated and recorded for MUZAK'S own use... the only such collection of non-distracting background music available in the world.

It is scientifically programmed — based upon time of day, place, and type of employee activity. A different program for office workers and one for factory workers; also one for hotels, restaurants, banks, and other public places. Each program is in accordance with the psychological effects of music on people — as determined by 20 years of on-the-job experience.

Why MUZAK Is So Different From Ordinary "WORK MUSIC"

How can "just music" accomplish results like these? The

When work music relaxes on-the-job tensions, production goes UP and errors go down



answer is simple. It can't! For MUZAK is not "just music." MUZAK has spent twenty years perfecting a *scientific* way to meet the minimum requirements for a successful work-music program:

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YOU NEED SCIENTIFIC PROGRAMMING to suit the time of day, place and type of work activity. Each MUZAK program is based on 20 years' study of the effects of music on people.

YOU NEED "CONTROLLED DYNAMICS" to penetrate noise barriers, mask out unwanted noise, without becoming distractingly loud — a technique which MUZAK has pioneered.

YOU NEED A COMPLETELY AUTOMATIC SYSTEM which avoids the cost of assigning personnel to purchase and store records or tapes, determine schedules, operate and maintain equipment. A flick of the switch starts MUZAK.

These four major MUZAK "exclusives" tell you why ordinary "background music" just cannot accomplish what MUZAK'S scientifically planned service can do for you.

Simply Mail The Coupon... to learn about the successful experiences of upwards of 20,000 progressively managed companies

Why not find out what MUZAK may be able to do for your company? Simply mail the coupon... and without the slightest obligation you will receive a copy of "An Answer to Worker Tension." MUZAK Corporation, Dept. 81, 229 Fourth Avenue, New York City 3.



MUZAK Corporation, Dept. 81, 229 Fourth Avenue, New York 3, N. Y.

Please send me, without obligation, a free copy of "An Answer to Worker Tension."

Name Position

Company

Type of Business No. of Employees

Street

City & Zone State

☐ Check here for Architect specifications for new or remodelled buildings.

(For more information, see last page)



Nashville Development—34 Thinlines



Cleveland Apartment
50 Thinlines



Ft. Lauderdale Hotel—125 Thinlines

In buildings new and old are cutting air

no expensive plumbing or ductwork needed . . . economical to operate, too

Inexpensive to install—you don't need extensive remodeling to air condition your building with General Electric *Thinlines*. And you don't waste an inch of valuable floor space.

Many have found that with *Thinlines* they actually save over 50% of the equipment and installation cost of a central system!

And *Thinlines* are economical to operate. Each individual *Thinline* unit has its own automatic thermostat. Temperatures in each area

can be individually and accurately controlled. You don't have to pay to cool areas that are not being used.

Just 16½ inches thin, you can use *Thinlines* in the upper or lower half of double-sash windows, in casements—even right through the wall.

There's no ugly overhang inside or out to mar your building's appearance. And they come in ½, ¾, 1, and 1½-horsepower models with cooling capacities ranging from 5600 to 14,500 BTU's.*

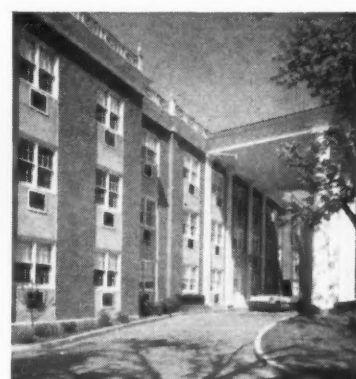
Whether yours is an existing building or one that is just being built, consider how much you



Trenton Office Building
350 Thinlines



Harrisburg Motel—148 Thinlines



Pittsburgh Apartment
80 Thinlines



Chicago Hotel—181 Thinlines



Honolulu Hotel—335 Thinlines



New York Office
385 Thinlines

General Electric Thinlines

conditioning costs

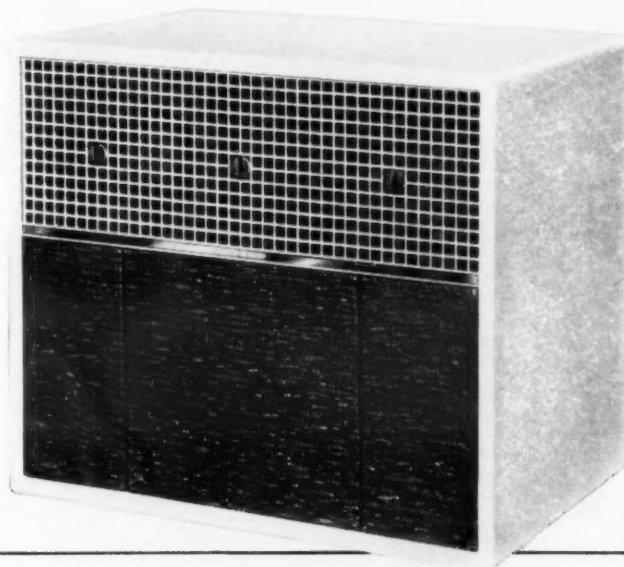
can save with General Electric *Thinlines*. Your General Electric major appliance distributor has full details. General Electric Co., Appliance Park, Louisville 1, Kentucky.

*Cooling capacities are tested and rated in compliance with ARI (Air Conditioning and Refrigeration Institute) Standard 110-56 and are stated in BTU's (British Thermal Units).

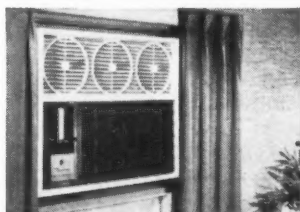


Progress Is Our Most Important Product

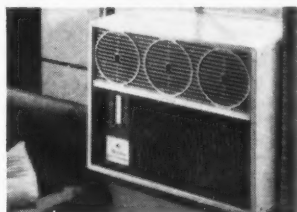
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16½-inch General Electric Thinline fits easily almost anywhere



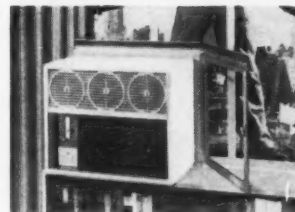
Fits upper or lower half of double-sash windows...



Fits most casements without altering window...



Fits through the wall in new or existing buildings...



Swing-away panel lets window cleaner out and in.

Dictation

Now...error free,



cost free, with matchless
simplicity of operation

THE NEW MAGNETIC RECORDING Comptometer Commander



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**The amazing re-usable
ERASE-O-MATIC belt with
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Error Free—Magnetically erases unwanted words as you redictate. You hand your secretary perfect dictation every time.

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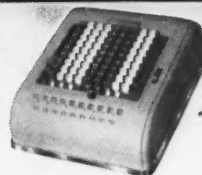
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Simplicity of Operation—All the controls you need to dictate, listen, reverse, erase are in the palm of your hand... with Unimatic remote control microphone.

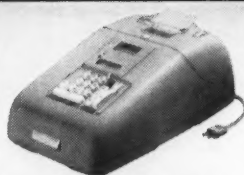
True Voice Reproduction—Without garble or needle scratch. Your secretary can transcribe twice as fast and right the first time.

No other machine combines the COMMANDER'S many advanced features. Find out for yourself how the New Comptometer COMMANDER enables you to breeze through your daily dictation and get a lot more done. Mail Coupon Today.

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point and
counter
point



LETTERS TO THE EDITOR

Men or methods

SIR: Having read with a great deal of interest your September profile article on Mr. Douglas A. Russell and having, thereby, developed a real admiration for the results he has obtained under unusually ticklish circumstances, you can well imagine that I felt considerably let down by your concluding remarks.

You say that in this case and, by implication, in most others, "the man himself is less important than his methods."

I venture to suggest that the methods employed by Mr. Russell, according to your article, are age-old in concept and principle and that they worked in this case because of Mr. Russell's built-in ability to intelligently lead and inspire, and because he and his associates wanted these methods to work.

Just as surely as they succeeded, in this case, they could have failed had lesser men tried to apply them.

Your excellent article is a finer tribute by far to the men in management than it is to the methods.

JOHN D. FOSKETT, PRESIDENT
AMERICAN SCREEN PRODUCTS CO.
NORTHLAKE, ILL.

Government employees

SIR: We hear a great deal these days about prejudice and about recognizing an individual for his personal attributes, without reference to his race or ancestry. I am sure most successful businessmen pride themselves on being tolerant toward all racial and ethnic groups—if for no other reason than that it is good business policy to be tolerant.

And yet, I can point out one area in which many businessmen are more bitterly prejudiced than in the area of race or ancestry: it is the blind, emotional, unthinking prejudice these businessmen have against government employees... These prejudiced businessmen fail to recognize the fact that their companies suffer as a result of these prejudices.

We are all familiar with the ageless clichés about government employees: they are stupid, incompetent, inefficient bunglers feeding at the

(For more information, see last page)

Imagine! Thinking on company time!



Johnson, here, is a top-flight production man. Yet, till recently, much of his ability was wasted. With daily crises in the plant, he seldom had a chance to think about *big* things—competitive position, new products, plant expansion. Time for these was stolen from his family, his vacation, his sleep.

Overworked and uneasy, Johnson started fighting for a modern management control system. The front office thumbed him down — too expensive and unwieldy for this small but growing company. Until one of the directors happened to describe Keysort.

That's why Johnson now has time to plan for the future . . . can now prevent money-losing situations *right in the office*.

Keysort punched cards — speeded by the Keysort Data Punch which simultaneously imprints and code-punches production or sales information — not only help management plan ahead, they help *you* as well.

With a minimum clerical burden, you achieve much greater reporting accuracy — flexibly, easily — because your office people summarize *direct* to reports. There's no transcribing; no costly, time-consuming intermediate steps. Result: management gets the accurate information it wants *on time*. And at remarkably low cost.

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(For more information, see last page)



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4568 Walnut Street, Stamford, Conn.

...originator of the postage meter...
offices in 107 cities in U.S. and Canada

(For more information, see last page)



• There's no more early morning "waiting on the mail" when your office has a PB MailOpener.

• A MailOpener does the job perfectly...saves valuable morning minutes, even in a *small* office. Far faster than opening mail by hand-and-dagger, it safely, easily trims a hairline edge off any envelope, whatever its size or thickness, or stock—fast as you can feed it.

• **Free Trial:** Try any of three models, hand or electric, in your own office—on your own mail. Just phone the nearest Pitney-Bowes branch—no obligation. Or write for free illustrated booklet.

FREE: Send for handy desk or wall chart of Postal Rates, with parcel post map and zone finder.

public trough; they are interested only in loafing and in collecting pensions; they lack initiative; they would be incapable of withstanding the pressures of business life, etc. Such thoughtlessness does a grave injustice to thousands of government employees who are every bit as competent, intelligent, industrious and pressure-ridden as their counterparts in private enterprise. For every good employee of industry, there is a good government employee; for every incompetent employee of industry, there is an incompetent government employee. The nature of an individual's employment—whether industry or government—has no more bearing upon his capability than does his race or ancestry. The only difference between the private and the public employee is that the former is usually better paid.

R. BLAKE
ROCKVILLE, MD.

Whodunit?

SIR: Your November issue contained an excellent picture description of the fine planning and decorating job that has been done at the Behr-Manning plant in Watervliet, N. Y.

But I searched in vain for some indication of the identity of the architect who had planned and carried out this top-notch project.

K. R. WHITTAKER
LOUISVILLE, KY.

■ *Sorry, but through an all-too-human oversight, MANAGEMENT METHODS failed to note that the work had been done by the architectural-engineering firm of Kenneth H. Ripnen Co., New York.*

EDITOR

Presents clear picture

SIR: For some time now I have enjoyed reading MANAGEMENT METHODS. It certainly presents a clear picture on what other people are doing relative to problems within their own back yard.

J. A. SALE
PLANT ENGINEER
DIAMOND ALKALI CO.
SHEFFIELD, ALA.

Money savers

SIR: I have been reading your magazine for some months and must tell you... that I find many of the articles not only extremely thought provoking, but actual money savers as well. In addition, many of your advertisements have led me to some very interesting procedures.

JOHN D. LEVY
DIRECTOR OF SALES
ANGELICA UNIFORM CO.
ST. LOUIS, MO.

A Message to Manufacturers



seeking a New Plant Site

Pennsylvania will "custom-tailor" a new plant plan just for you!

A complete, comprehensive A to Z plan... tailored to your specific requirements... will be prepared upon your request by our engineering and economics specialists, covering:

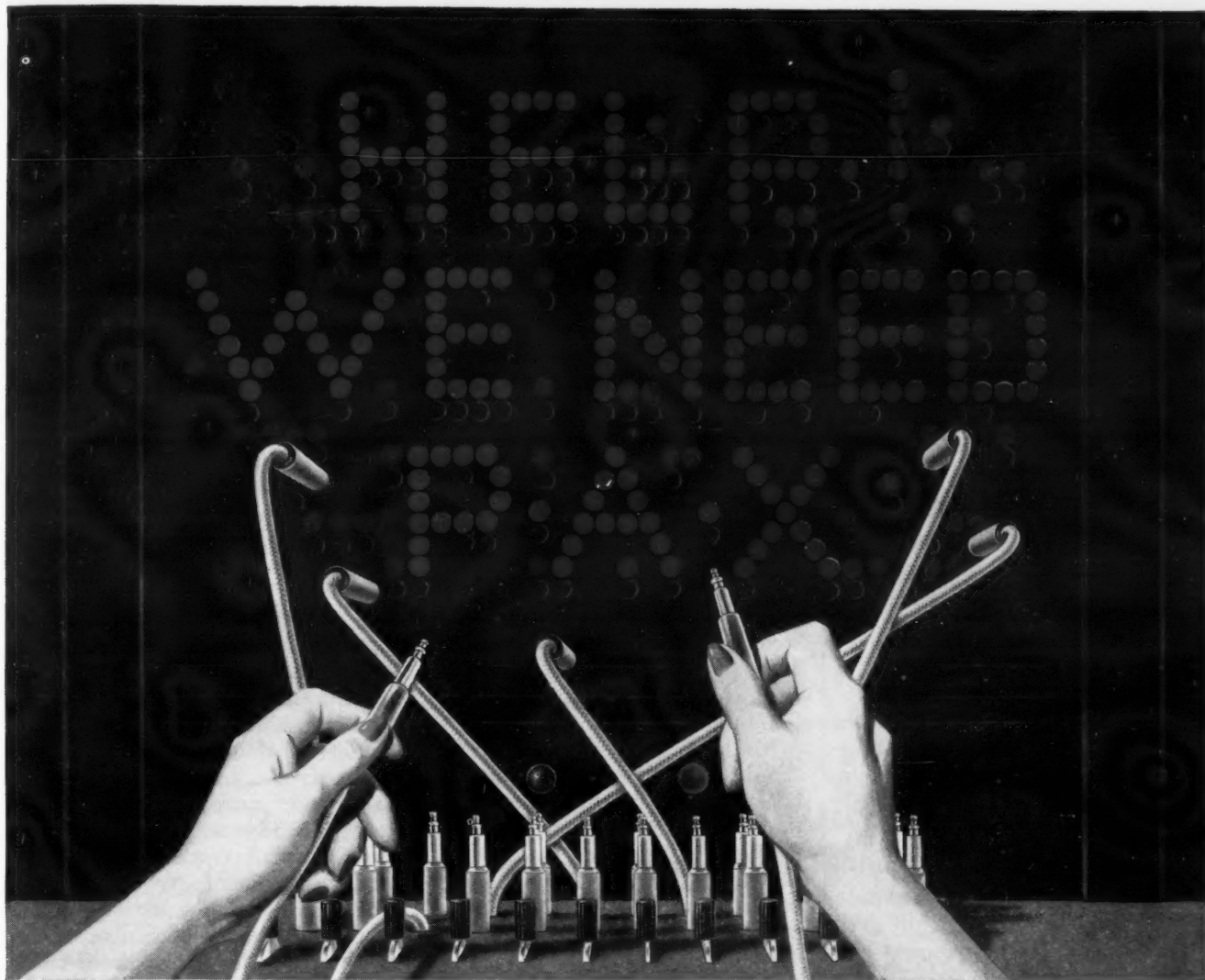
LABOR • MARKETS • TRANSPORTATION • FINANCING
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Main Capitol Building
1017 State Street, Harrisburg, Pa.
Phone: CEdar 4-2912

(For more information, see last page)



A jammed switchboard is bad business.

No customer likes to wait on the phone. Furthermore, delays in completing *inside* calls hamstring your own organization. Happily, there's a practical cure for these troubles.

What you need is a P-A-X business telephone system—the privately-owned dial telephone system that is entirely independent of your present switchboard. P-A-X handles calls within your organization, frees the rented switchboard to handle outside calls swiftly and efficiently. Customers reach you quickly, the first time they call. Your own employees save precious time, because P-A-X provides immediate, private contact between persons in all departments. And, P-A-X soon pays for itself. There are no toll, mileage, or rental charges. You *own* your system.

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(For more information, see last page)

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(For more information, see last page)

tax quiz

RECENT COURT CASES

By Benjamin Newman

Tax Attorney, Koenig and Bachner, New York.

THE QUESTION

Is a property owner who makes a gift to his wife of the right to receive the rental income from certain property subject to income tax on the rental income assigned to his wife?

THE FACTS—The taxpayer was the owner of a two-story building. He leased the first floor for commercial use and rented the second floor as apartments for residential purposes. By means of a document in good legal form, the taxpayer assigned to his wife the right to receive the rents earned from the lease of the building.

As the wife received the rents, she deposited them in her separate bank account, free from control of the taxpayer. The income was used by her for purposes exclusive of providing clothing, maintenance and support or of anything the taxpayer had a legal or moral obligation to provide.

During the term of the leases, while his wife was receiving the rentals, the taxpayer paid all expenses for the property and was allowed income tax deductions for depreciation, repairs, insurance and local taxes on the property.

The wife reported the rentals as

income on her tax returns, but the Commissioner of Internal Revenue took the position that all rents should be charged as income to the taxpayer.

THE RULING—The court agreed with the Commissioner and held that the income was chargeable to the taxpayer. In the general application of the Revenue Code, tax liability attaches to ownership but a taxpayer may not escape the tax on his income by giving it away in advance of payment.

The dominant purpose of the revenue laws is the taxation of income to those who earn or otherwise create the right to receive it, and one who possesses and exercises the power to procure payment of income to another has the enjoyment of the income himself. (*United States of America v. G. Richard Shafro, U.S. Court of Appeals, Fourth Circuit, No. 7437 decided July 15, 1957.*)

THE QUESTION

Is a gift of "air space" to a charitable organization a deductible contribution?

THE FACTS—Petitioners were the owners of a commercial lot with a two-story building on it in Tyler, Tex. On July 1, 1948, they conveyed, without consideration, to a charitable organization, of which they were sole trustees, the perpetual right to build, own and maintain five additional stories on the existing two-story building, plus a portion of the existing build-

ing to be used as an entrance, lobby, stairway and elevator shafts. Petitioners agreed to do nothing to weaken the support of the upper five stories. They did not obligate themselves to rebuild in the event of destruction of the two-story building, but if they did rebuild the charitable organization would also have the right to rebuild. The upper five stories were constructed

in 1948 and 1949 at a cost of \$690,349.21.

Petitioners in their income tax returns for the year 1948 claimed charitable contribution deductions of \$70,000, a figure determined by the Tyler Real Estate Board as representing the value of the gift. The Commissioner disallowed the deductions and assessed deficiencies, giving the following reasons:

(1) The deduction for gifts allowed by the Internal Revenue Code must represent gifts of money or property. The rights and interest conveyed do not constitute property.

(2) Petitioners have not satisfactorily proved any values for the rights and interests conveyed.

(3) If the rights conveyed have value, then the basis of the two-story building should be correspondingly reduced.

THE RULING—The Court decided all issues in favor of the taxpayer and cancelled the deficiencies. In so ruling, the Court stated that property is the sum of rights and powers incident to ownership and the right to use air space adjacent to the ground is one of those rights. There is no policy in law prohibiting transactions in air space.

In view of the foregoing and the fact that the interest conveyed was irrevocable, the court held the conveyance to be a gift.

The appraisal of the property was made by experts familiar with real property values in Tyler. The Commissioner offered no countervailing testimony as to the value of the property conveyed. Accordingly, declared the Court, the evidence supports a finding that the value of the gift was not less than \$70,000.

The Commissioner offered no evidence regarding the reduction of the basis of the two-story building. Since the building was not sold during the tax year in question, the Court assumed that the reduction in basis would effect only depreciation and the Commissioner had not presented any evidence to show that the depreciation was unreasonable nor had he assessed a deficiency with regard to the depreciation. (*Mattie Fair v. Commissioner of Internal Revenue* 27 T.C. 106, decided February 27, 1957.)



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(For more information, see last page)

How management tackles advance

One-third of the firms in this survey report no advance planning of any kind, while some 72% admit their planning is insufficient for company needs.

Personnel considerations, on one level or another, are basic to management's approach to the problem of advance planning.

This month's MANAGEMENT METHODS survey among presidents and other top-level executives re-

WHAT THEY SAID

1. Does your company currently have plans or budgets for its operations which extend beyond one year?

formal advanced plans	18%
informal advanced plans	52%
no advanced plans	30%

2. Which of these aspects of your operations are covered by your advanced planning?

profits	42%
sales	69%
production	51%
over-all costs	42%
inventories	24%
product design	30%
new products or services	42%
markets	39%
sources of supply	15%
company expansion	63%
company financing	60%
research & development	42%
advertising	3%

3. Is your firm's planning assigned as a specific management function?

yes	72%
no	28%

4. Which executive or executives hold primary responsibility for this planning?

president	48%
other corporate officers	51%
all executives	27%
committees, other executives	33%

5. How often are your company's advanced plans reviewed, revised and/or extended?

continuously	28%
whenever special considerations warrant	24%
at regular intervals (weekly to annually)	48%

6. Which of these considerations enter directly into your company's advanced planning?

the political outlook	16%
anticipated union demands	28%
advice of outside consultants	8%
instinct or "hunch"	16%
limitations of executive staff	44%
possibility of relocating company	12%

7. Do you feel your company is doing as much planning as it should?

yes	28%
no	72%

planning

veals that, of those firms which indulge to any considerable extent in advance planning, 44% consider the limitations of their executive staffs and 28% take into account anticipated union demands as major factors.

Despite the stress that has been placed in recent times on the advantages of long-range planning, the survey further indicates that only 18% of the respondents formulate advanced plans on a formal basis, while some 30% do no planning at all beyond a one-year period. The 52% remaining go in for some informal planning, but not on any regular or systematic basis.

The weakness is recognized by the companies themselves. Of the total replying, 72% say that their firm is not doing as much planning as it should, the 28% balance indicating satisfaction with the extent of their own planning.

Sales top concern

Of the various aspects of company operation covered by those who do indulge in formal or informal advance planning, sales is the factor attracting greatest amounts of attention. Some 69% of the responding firms devote advance planning time and energy to this facet of business, with company expansion (63%) and company financing (60%) occupying the runner-up positions. Production problems were mentioned in 51% of the cases, with profits, overall costs, new products or services and research and development each noted by 42% of the respondents.

Surprisingly, problems of marketing and advertising, which have been the subject of much discussion in the recent past, do not seem to call upon the attentions of American business executives, insofar as advance plans are concerned; they scored 39% and 9%, respectively.

In almost half of the companies

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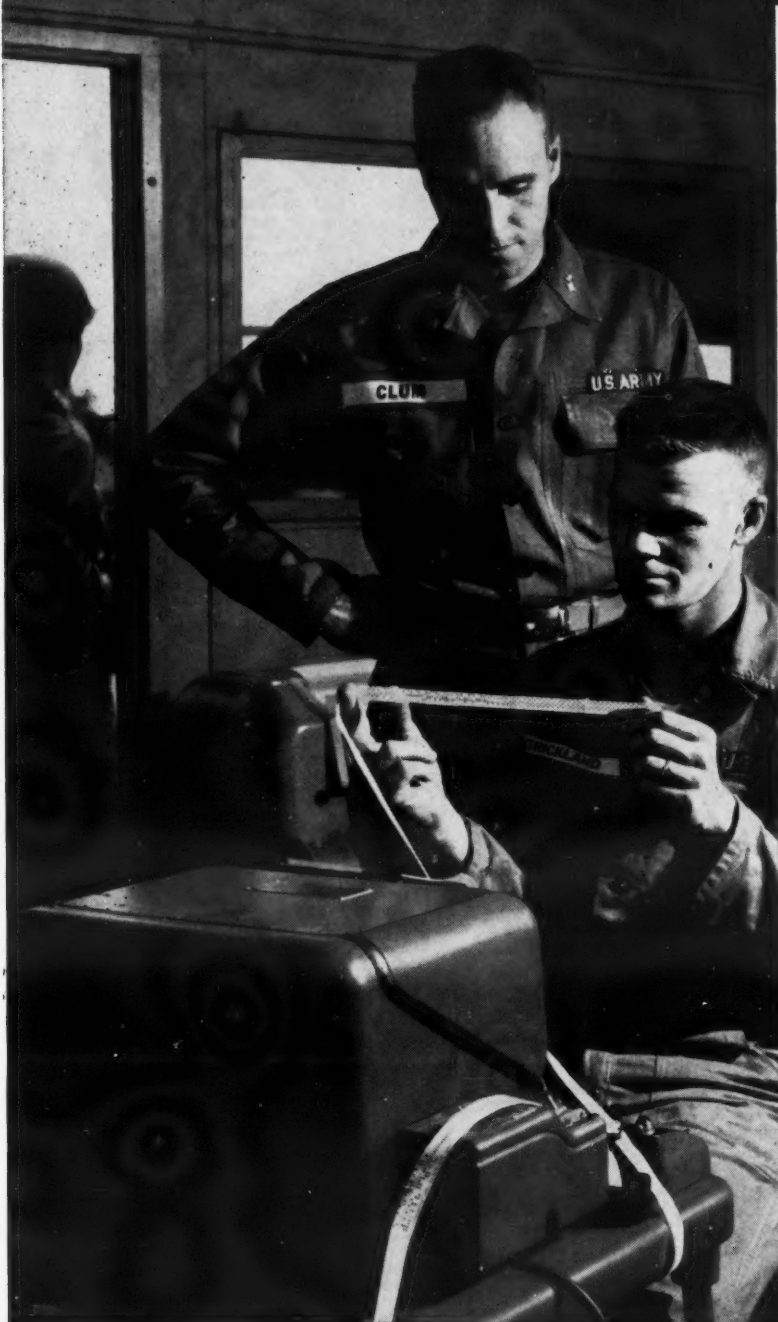
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(For more information, see last page)

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(For more information, see last page)

queried, the president himself holds primary responsibility for all advance planning. His 48% score is followed by 27% for "all executives," 24% for the company's financial officer and 21% for the executive vice-president. In a few companies (9%), special planning committees exist for this specific purpose. About double this number of firms assign planning responsibility to their individual department heads.

Planning span varies

Of those who do claim to do "advance planning," 61% take into consideration no more than a one-year period for their formal plans. An additional 33% plan formally for two to four years in advance and the remaining 6% project plans for a five-year period.

Most informal planning is also done on a relatively short-range basis, with 66% of the respondents tackling problems they think will arise in a one- to five-year period. Some 15% project informal advance planning through a five- to nine-year period, while the remaining 19% plan informally from 10 to 20 years ahead.

In addition to the personnel considerations which affect planning possibilities, other major considerations include the political outlook, 16%; instinct or "hunch," 16%; possibility of relocating company, 12%; and advice of outside consultants, 8%. m/m

WHAT THEY SAID

A review of current surveys

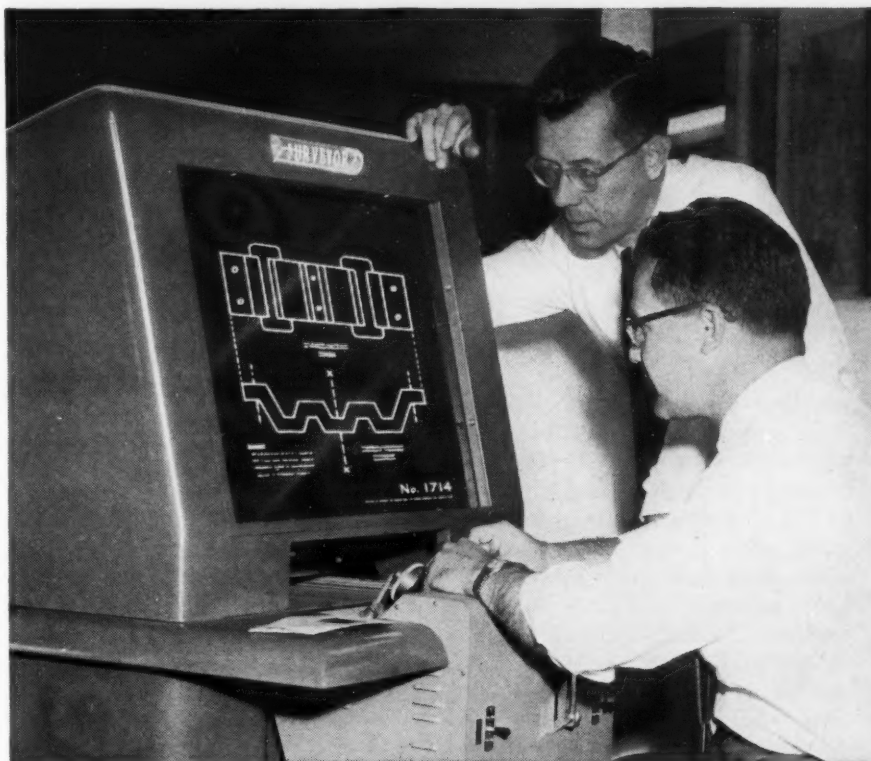
Off-season vacations

Some companies are beginning to recognize the attractions of off-season vacations, according to a survey of 301 firms by the National Industrial Conference Board.

Chief among the problems that develop, if the entire work force takes all of its vacation in only one season of the year, are interference with production, replacing the employees during their absence, and scheduling the work load. About half the companies have expanded the vacation season to include the entire year.

A majority of companies in the survey split vacations.

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unitizing its file of 400,000 drawings in Filmsort Aperture cards. These drawings, indexed for frequent reference in 3 x 5 cards, are simply filed and easily accessible. The rapidly expanding company adds to its drawing file at the rate of 30,000 annually... yet to date, one clerk using the Filmsort system handles all filing, referrals and enlargement prints in connection with the drawing file.

The adaptation of Filmsort to the

engineering drawing field represents one of the largest potentials for this system of unitized microfilm, as it makes possible mechanized methods for handling, sorting and reproduction of filmed drawings. Yet this is but one of many applications for this modern record keeping system. For single or multiple document files—land title records, personnel files, hospital case histories, research reports—Filmsort provides the factors of versatile card filing systems, mechanical sorting and reproduction of microfilmed records. Filmsort makes microfilm a practical tool for active daily use.



(For more information, see last page)

FILMSORT DIVISION
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How you can
improve your
local schools
it's now or never!

Иностранные наблюдатели называют искусственные спутники Земли результатом нашей системы образования, победой советской системы подготовки научных и инженерных кадров.

В связи с этим в зарубежной буржуазной печати, особенно в США, нередко дается сравнительный анализ постановки среднего и высшего образования в СССР и США и выдвигается задача догнать СССР в этой области.

Learn—or learn Russian.

Even a few weeks ago, the implications in those words might well have been brushed aside with a smile. But almost over night, the picture changed. Businessmen and others have suddenly been awakened to some cold facts, including an alarming realization that the nation's education system has been subjected to too much public apathy for too long. The result is that public education has grown to a problem of crisis proportions.

What is not so widely recognized among businessmen is that they can take direct and immediate action to dissolve the problem. There are things you can do right now to increase the caliber of education in your own community.

To do so is far more than a mere patriotic duty or community relations opportunity. Studies show that by helping your local school program, your company can profit in a number of ways.

Thus, even from a self-interest standpoint alone, it's not a question of *whether* you should undertake a program of local school support. The questions confronting your company are these: *What* can we do, and *how* can we go about it?

The answers are found in a

"Foreign observers are calling the Sputniks the result of our system of education, and a victory of the Soviet system of training scientific and engineering cadres.

"Thus, the bourgeois press abroad, especially in the U.S.A., frequently carries comparative analyses of the status of high school and university education in the U.S.S.R. and the U.S.A., and urges catching up with the U.S.S.R. in this field."—V. Yeliutin, U.S.S.R. Minister of Higher Education, in Pravda, Nov. 17, 1957.

Businessmen are moving in strong on the school problems in their local communities. With Sputniks in the sky and the handwriting on the wall, they are replacing virile planning and action for the lip-service and apathy that has largely characterized the public's attitude towards schools until now. A new study proves that when business cooperates with schools, the benefits go both ways. In fact, some say such cooperation is a matter of business survival. Here's what you should know and what you can do to raise the level of your local education system.

significant booklet published this month by the National Citizens Council for Better Schools, a non-profit, non-political organization devoted exclusively to school improvement, with no special ax to grind. Titled "How Business and Schools Work Together," the booklet is based on a depth survey of 265 companies and 305 school administrators. In addition to telling you what you need to know about your local school system in order to work effectively with it, the booklet offers scores of specific, tested programs that your company can adapt as a means of improving education locally. It details case histories of unusual local, regional and national school aid programs that business concerns have sponsored, either separately or as joint efforts.

This article summarizes some of the school support programs described in the Better Schools booklet. Before looking at these ways to help your schools, however, consider these facts on why it is to your advantage to do so.

Industry is expanding; so are schools. Industry is reaching out for new ideas, new methods; so are schools. Industry needs a climate of favorable opinion in which to survive; so do schools.

Industry has faced a growing manpower shortage. Automation has been a partial answer, but today business firms are confronted with severe shortages not only of specialists and technicians in all

fields, but also of management personnel. The complexity of modern business calls for the manager of today and tomorrow to have a far wider grounding in general education than his predecessors. The success and survival of your company will depend on the people in it. They will need to have a broader view, the ability to work with varied groups and to communicate with each of them, the talent for synthesis as well as analysis, and a familiarity with psychology and philosophy as well as propulsion and parity.

Only good education can supply

the kind of manpower material that will fill this need for your firm. Yet today's educators, working more or less alone, are hard pressed to find adequate ways to teach so many so much in such short time. The Russians may be on the verge of lunar circumnavigation, but many American school teachers lack resources even to keep up-to-date with rapid advances in science, technology and world events. If they cannot keep up, business and the nation as a whole are destined to fall behind—or farther behind.

Business has still another funda-

FREE COPY

When M/M editors saw confidential advanced proofs of the booklet, "How Business and Schools Work Together," they recognized it as a "must" for any business executive concerned with the quality of public education in his community. Thus an arrangement was worked out to provide a free copy to any M/M reader on request.

The booklet is published by the National Citizens Council for Better Schools, a non-profit, non-partisan organization. It features full facts on how your company can profit by launching a local school assistance program, including dozens of programs, large and small, that have already been proven. It also lists companies ready to offer you the benefit of their experience if you should decide to undertake an effort similar to their efforts.

For a free copy of "How Business and Schools Work Together," simply circle number 614 on the Reader Service Card in the back of this issue.

mental stake in education. The nation's industrial economy depends on public understanding and support. Yet to their horror, businessmen find that many students and teachers still view modern business in terms of depression and sweatshop days. These outmoded concepts continue because relatively few students and their teachers have been given an opportunity to get a first-hand view of modern business and technology in action.

Consider these monumental problems that schools face: spiraling enrollments, double sessions, teacher shortages, outbreaks of juvenile delinquency, inadequate salary scales, interference from pressure groups—and, until now, an undercurrent of public apathy.

For the school system in your location to tailor its educational program to community needs, the schools must know what the community—and especially the business community—requires of its future citizens. This is an area where business executives and business firms, working separately and in joint programs, can get to work right now.

Fortunately, business and education have already begun moving

closer together. A wide variety of cooperative ventures have been successfully tried, and these experiences can serve as guides for you in developing your own firm's program of school support.

In deciding what kind of school support you can best undertake, you will want to carefully examine the new booklet of the National Citizens Council for Better Schools (*to get a free copy, see box page 19*). Here, taken from the booklet, are a few of the school aid programs most mentioned to the council in its survey of 265 business firms:

Set aside special times for plant visits by students and teachers. Special visits to industrial plants and business offices are arranged to illustrate exactly how a product is made or processed. These visits show industry in action and enliven discussion of economic theory. For plant visits in the future, educators ask to be shown management at work as well as machines shaping materials.

Employ teachers during summer months. The lucky teacher is the one who finds a summer job in the field of his major interest. If he teaches bookkeeping and gets an assignment with a bank or account-

ing department, he can pick up current methods first-hand to pass along to his students. More than one teacher has discovered after a summer's work that he's been teaching his students an obsolete system or theory. New insights add to the teacher's value as an instructor.

Prepare special exhibits for schools. Upon request of the schools, many companies provide equipment or displays relating to their industry. Industry backing has been largely responsible for the increasing number of student science fairs throughout the country.

Hire school personnel for special research projects. Giving teachers practical "in-plant" problems to solve as research problems in economics or science can be of value both to the teacher and to the businessman. Such experiments give the teacher insight into common business problems. In turn, teachers' analyses and comments often cause supervisory business personnel to re-examine the reasons for performing operations the way they have been doing.

Donate equipment or funds for extra-curricular school activities. Businessmen jointly, or singly, furnish money or equipment for activities not covered by the school



Why businessmen

"Businessmen aren't just talking about school problems now—they're acting." So says young, soft-spoken Henry Toy, Jr.

Toy is a man with a mission. A former business executive himself (Du Pont, Atlantic Refining), he is now president of the highly respected National Citizens Council for Better Schools. His job is to help businessmen and others apply constructive action to school improvement in their localities.

Why are businessmen moving in on the school problem? "It's not just the new awareness of the urgency of our educational needs," says Toy. "It's also because more business executives see the advantage to their own firms of school cooperation—immediate as well as long-range."

school systems

budget. For instance, a school band may lack uniforms; a science club may lack fundamental equipment; a group of students may lack the fare to attend a training conference.

Give scholarships and fellowships to outstanding students and teachers. Big companies are not the only ones that have set aside sums to help here. Community conscious businessmen have established innumerable local financial aid programs for worthy students and teachers.

Participate in Teacher Recognition Days. Usually annual events, activities on these days range from luncheons and dinners in honor of teachers to presentations of special plaques and awards for distinguished service. The Education Department of the U. S. Chamber of Commerce can tell you how its members initiate such days in their communities.

Put special research services at the disposal of school personnel. A company having an extensive reference library in science puts it at

**Spotlight Report, "Scholarships—How Do They Help?" sums up some of these programs. For a free copy, address Better Schools, 9 E. 40th St., New York 16.



Pravda's boast: This chart appeared recently in "Pravda" with a boast of Russia's superior education system. Chart shows more engineers coming from Russian schools, fewer from U.S. schools.

the disposal of teachers in the region. Some companies assign staff personnel as consultants who are available to answer special technical questions. Some put teachers on mailing lists to receive technical bulletins or trade association newsletters. Others have given teachers subscriptions to useful trade or technical journals. A variation of this is to make such journals available through a local library.

Support the school board at bond voting time. Wholehearted

support by business in "selling" a needed bond issue is already common in some towns and cities. In others it is notably absent. Of all forms of aid, this is the kind most appreciated by school administrators. To show their support, businessmen in many communities work as committees to put all the facts before the public and to bring out the greatest number of voters for the school election.

Now, having examined in cap-
(Continued on page 67)

are moving in with action on school problems

Even if an executive doesn't have children in the school system himself, his employees do. Thus any effort he or his company makes for the schools is an extra fringe benefit for employees.

"Businessmen are discovering they must have good schools if they are to attract good employees to their location," says Toy. "Some businessmen will tell you that the quality of the local school system is as important to their business as the local tax rate."

What can a businessman do to improve his local schools? "Plenty," says Henry Toy. "Schools need the kind of cooperation, talent and resources that business is in a prime position to offer."

One of the best, most direct ways for a businessman to serve is to join a citizens committee that is working

to improve local education. There are some 20,000 local committees around the country now, plus state committees in 40 states.

"These groups," says Toy, "need the kind of objective thinking and administration know-how that are the business executive's stock in trade."

Henry Toy is a good man to know if you are concerned about your local schools. He and his staff have at their finger-tips the kind of facts that will guide you in your efforts to help. In many cases, they can give you names of individuals and companies in your locality, or nearby, who are already active in school cooperation, and who can give you the benefit of their experience.

Address your questions and requests to Henry Toy, Jr., President, Better Schools, 9 E. 40th St., New York 16.

How to popularize your

Will your next annual report measure up to its possibilities? The answer depends not so much on the money you spend on it as the imagination, planning and work you put into it. This article gives you the experiences of a variety of companies that have gotten multiple value from their annual reports. It tells you not only what to say in your annual report, but how to say it — for optimum reader impact.

By Dr. Solomon Balsam

Executive Vice President
Contempo Agency, New York

If your company is caught in the high-cost, low-profit squeeze, you may be tempted to *de-emphasize* your next annual report—holding it down in size, content and cost. Some firms have done this, either to achieve real economy or to impress stockholders with company austerity.

More companies, however, are taking the opposite tack, according

to a recent survey. They find that it is more economical—and profitable—to *re-emphasize* the annual report—to build it up, popularize it and make it do a multi-purpose job. Their thinking is that since an annual report is expected or required of them anyway, it is economically sound to use it as a major vehicle of communications, to be put to comprehensive use.

Firms of all sizes and types have found that they can plug into a variety of opportunities with a well planned annual report.

What it can do

Essentially, an annual report is an accounting to stockholders. How important it is to the stockholders is indicated by a survey made recently by Citizens Utility Co. The company polled its stockholders and found that the annual report was a key determinant in their decision to retain stock in the company.

But even within the realm of stockholder relations, there may be a variety of other specific objectives for which your annual report can be useful, other than encouraging present owners to hold their stock. For example, your annual report can be designed to help you fill any one or a combination of these important needs:

- Build company prestige in the investment market.
- Block proxy fights and the incursions of raiders.
- Broaden the base of stock ownership.
- Stimulate advantageous merger opportunities.
- Create a market for future stock issues.

► VALUE: SELL COMPANY PRODUCTS

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"The World's Most Versatile Dictation Equipment"

The Audigraph is a portable dictation machine that can be used in any office or home. It is the most versatile dictation machine ever designed. It can be used for dictating letters, reports, memos, and all other business correspondence. It can also be used for dictating personal letters, diaries, and all other personal correspondence. The Audigraph is the most versatile dictation machine ever designed. It can be used for dictating letters, reports, memos, and all other business correspondence. It can also be used for dictating personal letters, diaries, and all other personal correspondence.

Gray Mfg. Co.

Trend is toward more use of annual reports to sell products.

annual report

■ Increase the availability of bank loans.

■ Win shareholder support for major management decisions or plans.

In addition to these, a well planned annual report will serve you well in areas other than financial relations—in sales, employee relations and general public relations. Here are some of the supplementary jobs you can assign to it:

■ Sell your product to old and new customers.

■ Give your employees and their families the facts they crave about the company.

■ Strengthen your relations with suppliers, and help you line up new sources of supply.

■ Reflect a positive company personality to your plant community and the general public.

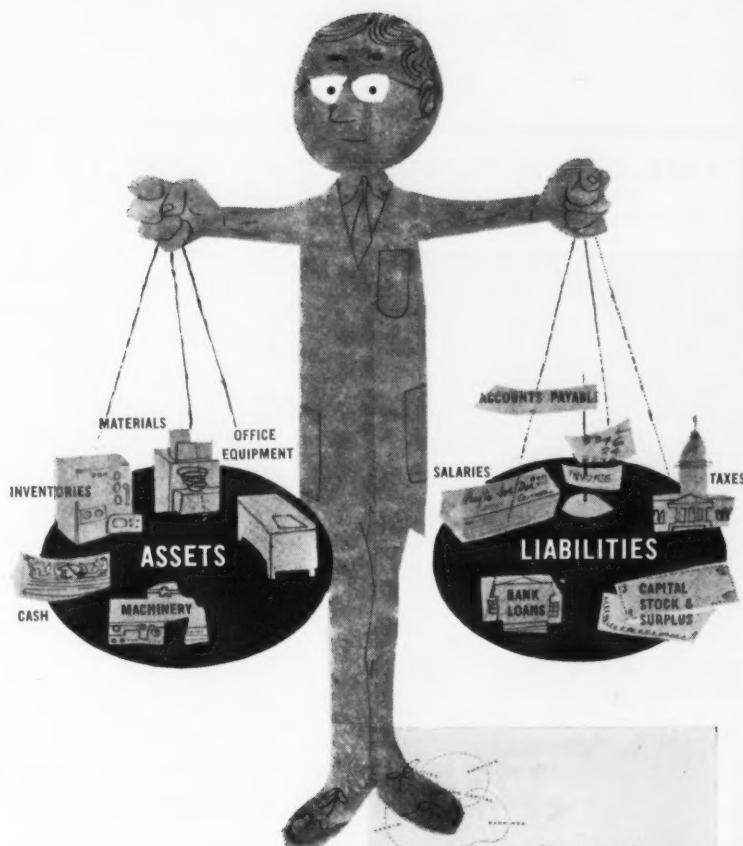
■ Get your company talked about in news media such as newspapers and radio.

Stiff competition

Getting full value from an annual report involves a number of things. Part of the answer lies in the content of the report, another in how the finished product is distributed and used (see boxes p. 71, 73). Also, success depends largely upon your ability to broaden the appeal of the material you present.

You can be sure of one thing: regardless of how you handle it, your annual report will be up against stiff competition. There are some 25,000 annual reports being issued by corporations and financial institutions. If your report is to stand up against this kind of competition, it must be designed to command attention, command readership, and be understood—by the business layman as well as the financial wizard.

When you start planning your annual report, ask yourself this



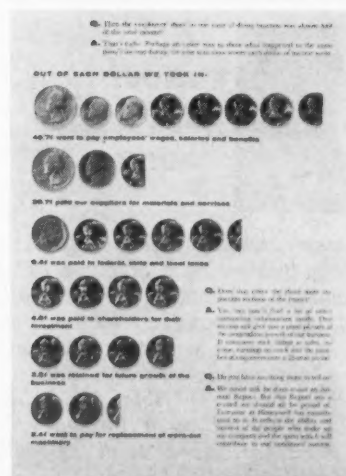
Minneapolis-Honeywell supplemented a recent annual report with a booklet, "How to Read an Annual Report," offering explanation of the year's figures.



► VALUE: CLARIFY COMPLEX FINANCIAL INFORMATION



New York Telephone

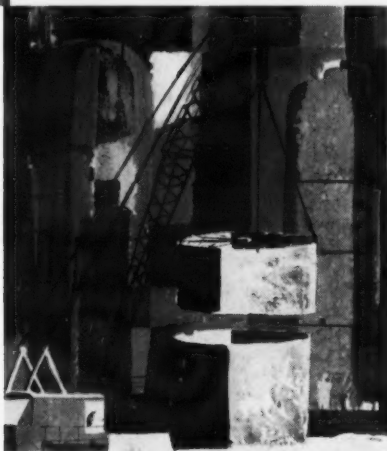


Minneapolis Honeywell

Imaginative charts increase the appeal of an annual report.

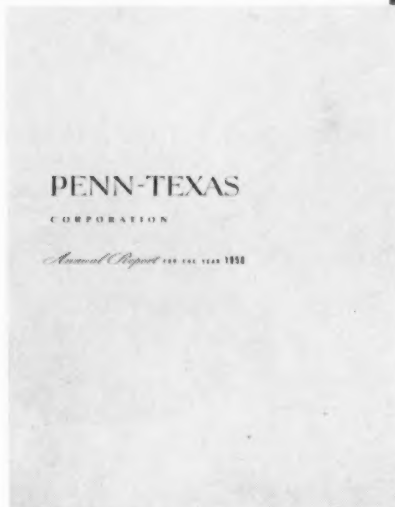
THEY CAN BE ELABORATE . . .

with four-color covers, handsome art



THE FLUOR CORPORATION, LTD. ANNUAL REPORT 1956

The Fluor Corp., Ltd.



Penn-Texas Corp.

. . . OR THEY CAN BE SIMPLE

with good typography, quality paper

question: How can we make our next annual report do a multi-purpose communications or sales job, or at least a really solid job in the area of stockholder relations alone?

Once you have selected the primary purpose or purposes you want the report to serve, the content will be dictated pretty much accordingly. But remember that putting your annual report across depends not only on what you say,

but on how you say it. A common mistake that executives make is to assume that "Anything I can understand our stockholders and the public can understand too!" Your firm's profit and loss figures may be burned into your mind, but that doesn't mean that merely presenting them in cold tabular form will burn them into the stockholders' minds. It's been proved time and again that the impact of an annual report is multiplied when the content is simplified and imaginatively dramatized.

General Motors Corp., for example, wanted to find out whether its stockholders preferred financial data presented in the naked tabular form that financial experts are used to, or whether they preferred more dramatic charts, maps and graphs that give figures more visual meaning. The company surveyed over 4,000 of its stockholders on the question. Only 5.3% voted for the straight tabular presentation; 71.3% asked for the easier, more visual treatment.

What kind of charts are best? The Borden Co. wanted to get the answer to this question so it made

a test among its own employees. Six types of charts and tables were designed, each presenting the same data in a different way. These various types were tested on the employees. A simple pie chart, incorporating illustrative symbols showing the various items by each slice of pie, was found to be best from the points of view of initial understanding and then remembering.

The modern trend

"Dry as an annual report" is a simile that is losing its meaning. About a quarter of a century ago, annual reports were practically, without exception, statements indicating that independent auditors had verified the figures as revealed in the balance sheet. These reports, often the product of duplicating machines rather than printing presses, were seldom read by anyone other than bankers, large investors and trust executives—since most companies in those days were controlled by such people.

Now, however, the picture has changed radically. Close to 10 million Americans own the greatest industrial empire in history. Many of them, of course, never see their industrial property, or meet the people who keep it operating. Alert companies are taking these facts into consideration, and using their annual reports to reflect the company personality to their financial family, as well as other interested segments of the public. They do it partly by replacing dryness with animation in the form of appealing design, attention-getting colors, crisp writing.

Some firms have accomplished this transition from dryness to liveliness primarily by beefing up their annual report budgets; others have found they can do it by substituting imagination and professional guidance for costly materials and printing techniques.

Using it to sell

The tendency today is toward greater use of the annual report to sell company products. As a random example, take a recent annual report of Armstrong Corp. In an eight-page section, Armstrong

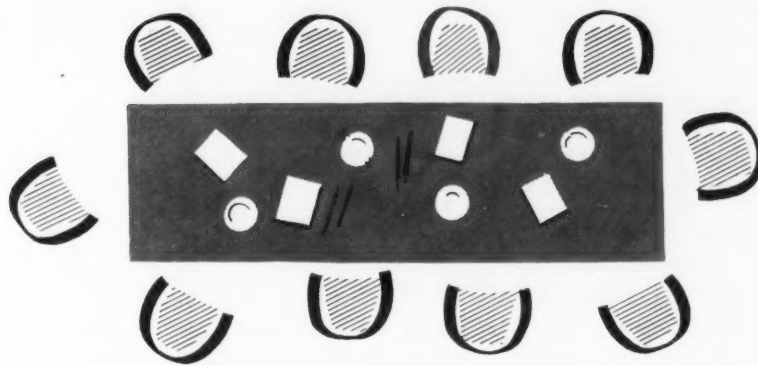
(Continued on page 71)



ABOUT THE AUTHOR

As vice president of the Contempo Agency in New York, Solomon Balsam specializes in annual reports and other methods of corporate communications. He has built a versatile background in business public relations, radio writing and news reporting. He holds a Pulitzer award as a foreign correspondent, served a term as public relations counsel to President Franklin D. Roosevelt, and has lectured at McGill University and Columbia.

Should you have



a banker on your board?

A banker on the board can be like a navigator on the bridge helping to chart a favorable course for the corporate craft. Again, he can be like a dragging anchor, impeding progress and profit by his caution. Here are some major pros and cons on the question of bankers as corporate directors. The experience reflected here will help you decide if the practice is right for you.

By Philip S. Shoemaker

Vice president, Fidelity Trust Co., Pittsburgh

EDITOR'S NOTE: Last month M/M carried comments by some authoritative executives on the subject of whether it is wise for a business concern to have a banker on its board of directors. Because of the interest these comments stimulated, the editors commissioned the following article by an author, himself a banker, who has conducted a detailed study of bankers as corporate directors. The article is based on the results of his study.

Every businessman wants favorable relations with his bank, but how intimate should these relations be? Should Banker Brown be invited into the board room?

Whether to have a banker on the board is a question that many firms have struggled with. The practice, begun years and years ago, has continued due to custom and expediency, and even necessity. Officials of some of the 100 largest banks, for example, serve on as many as five, 10, even 20

boards of business corporations. Obviously such bankers find some advantage in the practice—and obviously businessmen do too. But while some champion the practice for its benefits, others damn it for its drawbacks, both to the businessman and the banker. Not the least of the disadvantages is the possibility that a situation involving a conflict of interest may arise for the banker-director forcing him to decide which “master” he will serve—his bank or your company.

No good or bad label can be

Banker on the board of directors — is he an asset or liability in a



placed on the practice of having a banker on your board. For you to solve the equation, you must analyze it, and weigh the pros and cons as they apply to your situation.

Following are sketches of some of the most significant favorable and adverse aspects of the practice of having a banker on your board. The quoted statements, although assigned to fictitious names, are those of real people.

Outside point of view

Most business executives continually consult their banker, since it is part of his stock-in-trade to study and forecast the changes and trends of the economy.

The bank officer who serves on the board of an industrial concern has two major functions to perform in his directorial capacity. He should assist in planning and guiding the financial policies of the company, and he should temper corporate activities through counsel and advice gained through practical industrial and commercial experience arising out of his dealings with a wide variety of business concerns.

Mr. Postgate, treasurer of a prominent industrial company gives a big business view of the banker-director's services:

"Reading industrial and financial statistics and the opinions of leaders in industry and finance is part of a banker's daily chore. Without question, bankers in general, through their contacts and close association with bank customers, obtain an

over-all picture of the general business and economic conditions prevailing locally, nationally and internationally, depending, of course, on the magnitude of the bank's associations and operations. Such broad knowledge can prove very helpful to industry in keeping posted on economic conditions, thereby influencing the shaping of their own business affairs accordingly."

It has been said that a good director earns his keep when he asks searching questions and presses for the answers. The ultimate purpose of the board of directors, of course, is to be a stabilizing influence on the executive management and to be concerned with the continuity of the corporation's operations and profits from year to year and from generation to generation.

The presence of a prudent banker on the board of a successful but over-ambitious enterprise in a small community may be of mutual benefit to the corporation, the bank and the community. His attendance at board meetings may indirectly act as a brake on unsound speculative tendencies of his co-directors or the executives of the company which, if unchecked, could lead to financial embarrassment and ultimate failure of the corporation.

Drifting from the field in which the management is experienced and away from the original purpose of the enterprise is a prominent cause of business failure. A banker on the board would have questioned the ability of the management to shift operations into a wholly unknown field!

Controller function for small business

In the best-managed concerns there is a balance achieved between the inside executive directors and the non-management outside directors. Practical guidance by the executives responsible for operations and finance is a great assistance to a board of directors. In many small companies which cannot support a trained finance official, the controller function is exercised by the outside banker-director. The counterpart of the controller in a large company, then, is the small company banker-director, who renders assistance to the management in controlling operations and helping to formulate financial policy. He is the logical fiscal representative of the owners of the small business enterprise. He acts as a check on the management itself, and is the one to whom the other directors turn for guidance on policy and interpretation of financial data concerning the operations.

When a banker is an industrial director, and there is a financial or management problem facing his business board, he will frequently discuss it with his brother bankers. Depending on the circumstances, he might submit it in either concrete or abstract form. The industrial concern thereby has the advantage of a group opinion of financial specialists rather than the knowledge and experience of one man.

The banker-director of a small industrial company will know what is the conventional return on investments in many lines of business. That is a big factor in allocating funds to ventures both present and prospective. The banker-director function, like the controller in a big company, is not only to maintain solvency, but liquidity as well.

Mr. Hampton, a manufacturer, plumbs to the core of the matter with the following:

"Director Boyle's background is that of banking, in which field he developed a broad knowledge of

company like yours?

business organization and administration. He brought to the company its then most urgent need—a comprehensive and practical knowledge of finance and its administration."

Close bank ties

In addition to the contact of the banker-director and the board members of the industrial organization (which develops faith, mutual respect and understanding), the closer ties which both the business and bank personnel enjoy result in goodwill and excellent business relations. There are other benefits noted by small business operators of the extraordinary attention given to a company by the bank staff when a banker joins the board. Mr. Hart, a department store official, says:

"Since Mr. Adams came on our board, all the bank people have shown special interest and attention in the handling of our bank business. The difference is noticeable; it's that something extra that makes it seem as though we have become a member of the family. It's very good in many ways. It should have been this way years ago, but it's never too late. The bank is now an entirely different place to us."

Conflicts of interest

All segments of business and banking, from the earliest days of incorporation of business enterprises, have been alerted to conflicts of interest, self-dealing, a biased point of view by business and banking directorates, and domination by minority interests.

Mr. Holt, a contractor, believes:

"A banker-director may easily find himself in an equivocal position in the event that he may be called upon to decide between two courses—one of which may be immediately convenient for the bank, and the other conducive to the ultimate interest of the customer. It could be vice versa. The point is: the dual interest is certain to militate against one party—ultimately!"

Another adverse factor to consider is the possible tendency of the banker to dominate. The belief

(Continued on page 64)

INSIDE VS. OUTSIDE DIRECTORS

What makes an ideal board? Should it be composed primarily of inside directors or outside directors? Can outside directors learn enough about the business to work effectively? How can board members be appointed independently of the chief executive (whose work they review)? These are questions that have been debated for years. A new book, *The Director Looks at His Job*,* goes a long way toward providing reasonable answers to these and other questions concerning the function of the corporate board of directors. Here is a brief excerpt from the book, dealing with the relative merits of inside and outside directors:

The principal advantage of the inside director lies in his familiarity with the business. Typically, outside directors spend a modicum of time on company affairs. They require briefing at the once-a-month board meeting on matters which the company's executives may have spent months in deliberating.

In contrast, the insider has fuller knowledge by virtue of his operating positions, and has a greater interest because of his more direct involvement in the outcome of decisions made. Presence of such insiders thus insures that policy will not be set or actions taken without the benefit of judgment informed by knowledge and interest.

Another advantage of relying on insiders is in their ready availability.

The disadvantages of the part-time inside director in general stem from the fact that he spends most of his time in an operating position, subordinate to the chief executive. This raises questions as to (a) whether he can effectively review the actions of his superior, when he assumes his other function of director; (b) whether he can be entrusted to review adequately his own performance and that of his colleagues, with whom he must continue to live and do business in an operating capacity; (c) whether he can bring to his directorial function a breadth of viewpoint, or whether, under the circumstances, his point of view tends to become ingrown.

The outsider has important assets. He provides a fresh viewpoint. He is not subordinate to the chief executive, not a colleague of other members of top management, and hence is in a position when appropriate to needle management—sometimes effectively, even when handicapped by limited knowledge.

The principal disadvantage of relying on outside directors is in the difficulty of obtaining capable people who are willing to spend the amount of time which would be required to familiarize themselves in a responsible way with the company's activities.

* THE DIRECTOR LOOKS AT HIS JOB, by Courtney C. Brown and E. Everett Smith. Columbia University Press, New York. 1957. 150 pp. \$2.75.

Why most supervisor training

Here is a revelation for you. An academic researcher presents in clear-cut language the results of scientific study that debunks what your company may be doing — or planning to do — to train supervisors and foremen. If you examine and evaluate what this author has to say, you are bound to benefit, if only in your own management philosophy.

By Dr. Harold E. Burt

Ohio State University

Some firms accept supervisor training on simple faith. They assume that if their foremen are given training in the human relations aspects of motivating their people, at least some degree of benefit is bound to accrue.

Other firms go a step further. Instead of accepting supervisor training at face value, they try to find out if it really does pay off for them. For example, they may quiz their foremen both before and after a training program to see if the foremen have become more considerate of workers. If the foremen do show more understanding of human relations after the training, then the usual practice is to assume that a new day has dawned, and everybody more or less relaxes.

Some skeptics refuse to stop

here. They look at the whole present pattern of supervisor training with a questioning eye. Among these skeptics is the Personnel Research Board of Ohio State University. Working with a large corporation (which was skeptical enough to invest some money and facilities), our board recently completed a scientific study* of the effects of supervisor training. The research was done at one of the motor truck plants of the cooperating corporation, and at the concern's central training school for foremen in Chicago.

The findings of this research were revealing and disquieting to

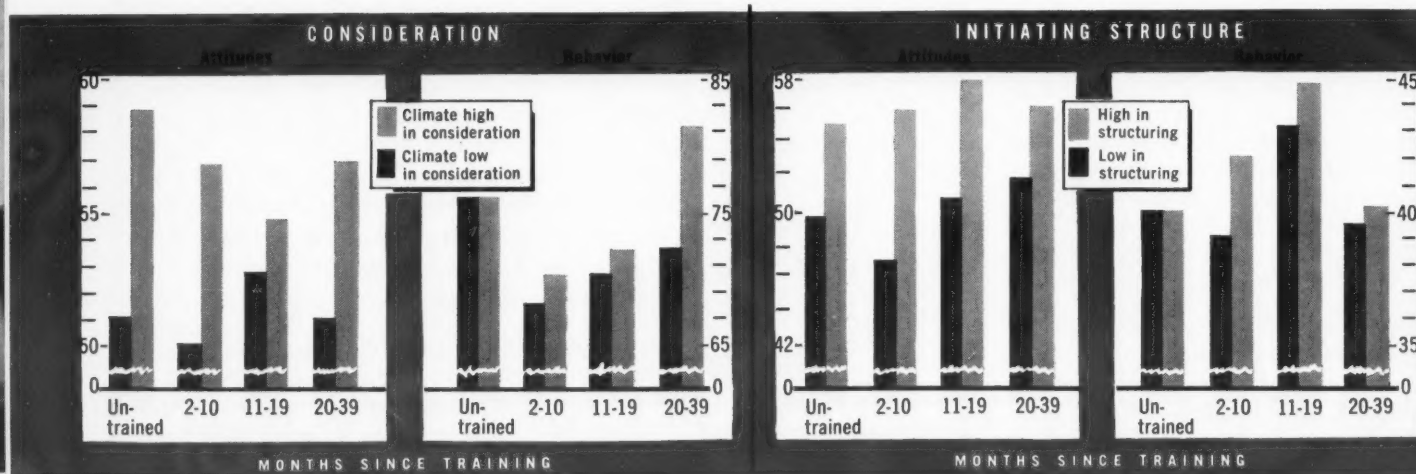
say the least. For example, they show that a foreman is often less effective after training than he was before. The study points to the fact that the usual management attitude toward supervisor training is naive.

Before examining the findings of this research, let's review a few details on how the study was conducted, in order to establish its significance.

Building reliable yardstick

Our first problem was to develop a reliable instrument—a questionnaire—for measuring attitudes and behavior of supervisors—one that would give the same results on Tuesday as on Monday. Reliability of a questionnaire can be fixed by appropriate statistical methods. It can be refined by such statistical

*This study is described in detail in "Leadership and Supervision in Industry", by Edwin A. Fleishman, Edwin F. Harris and Harold E. Burt, Monograph No. 33, Bureau of Educational Research, The Ohio State University, Columbus, 1955. 110 pp. \$4 cloth, \$3 paper.



drops dead (*and what to do about it*)

measuring methods as factor analysis. For example, we may have quite a conglomeration of items for a foreman to check as to how he feels about them. But it may develop that, after all, these different items are measuring just a few basic factors, like a tendency to be considerate of one's subordinates. If an analysis shows that all the items are measuring just two or three such basic factors, then we can statistically rework our factors and revise the items accordingly. This results in a better instrument.

For our study of supervisor training, we started with a considerable

pool of items that had been developed by our Personnel Research Board in earlier studies of leadership. Typical items are, "Our foreman treats all the workers under him as his equals," or, "Our foreman expresses appreciation when a man does a good job." Items like these could be rated by a foreman's subordinates as "always," "often," "sometimes," "seldom" or "never."

We started with an original pool of 1,800 such items; these were reduced by various methods to about 150. With these we made an intensive study of ratings of a considerable number of foremen, using

the technique of factor analysis mentioned above. When we got through we found that practically all the items measured in one way or another just two underlying factors.

One factor was what we termed generally as "consideration"—primarily the degree of mutual friendship and trust between the leader and his group.

The second factor we identified with the term, "initiating structure." This dealt with such things as how well the foreman defined patterns of organization, how he set up his channels of communication and

WHAT THE RESEARCHERS FOUND

THE RESEARCH REPORTED in this article indicates many points rather conclusively. Here is a quick summary:

Probably the clearest result of the study is that the climate in which a foreman works, far more than the training he receives, determines the type and level of his leadership attitudes and behavior. If the climate is wrong, the training probably won't stick, and may even backfire.

A foreman's working climate is created by his superiors in management. If his own boss or bosses are considerate and human relations oriented, then the foreman is likely to be similarly considerate of his people, with or without special training. If his superiors put the emphasis more heavily on the methods of getting the work done, rather than keeping the staff satisfied and happy, then this kind of behavior is likely to be adopted by the foreman, even if he is trained in the "human relations" approach.

What this suggests is that once the objective has been determined for a training program, the training should start near the top and work down, rather than beginning with the first line supervisor.

With reference to the objective of supervisor training, the Ohio State study does not provide a clear answer. The study dealt with how to do it, rather than with what to do. But the research does suggest questions about objectives.

One such question concerns the common assumption that good morale leads directly to increased efficiency. The Ohio State study suggests that the kind of leader the workers like best is more "considerate" but he is not necessarily the most efficient in getting results. Likewise, the foreman whose department is regarded by higher executives as more efficient tends to be the initiating structure type—more concerned with getting the work done than with keeping his people happy. But this type appears to have more absenteeism and grievances in his department.

The problem, apparently, is more acute in production departments than in non-production, particularly those departments which may have a more demanding time schedule.

So what should a company do when morale and efficiency do not go together? It is doubtful a firm will want to scrap human relations training altogether. Some probably will decide to stress the human relations anyway and hope for the best. As one executive puts it: "We can usually handle the production, anyway, but if morale is bad we have trouble." Others may be a bit sensitive to their social responsibility. If a man spends his life working for them, that life ought to be reasonably satisfying and they have some obligation to make it so.

There is left open the possibility of developing a kind of training in leadership that involves a fair amount of both consideration and initiating structure. These two dimensions are independent of each other. A man can be strong in both or weak in both or strong in one and weak in the other. There is every reason to believe that a foreman can be trained (in the proper climate) to plan and organize work assignments efficiently (structuring) but also to explain to his workers the reasons for his decisions (consideration). Research could determine the kinds of behavior that were high in both dimensions and then the curriculum could be built around those behaviors.

The foreman is in a difficult role when he is under pressure from his superiors to get the job done in a limited time and also to conduct his department in a way his subordinates will like.

But if you set out to develop certain attitudes and behaviors on the part of the foreman by means of a training program, you can be sure of one thing: the results of the training will not be permanent unless the supervisory climate in which the foreman operates is fixed accordingly.

If you train a foreman but give him the wrong climate to work in, the training won't stick.

what leadership methods he used for getting the job done.

Actually it worked out that the two factors—consideration and initiating structure—were statistically independent. A man could be up in one and down in the other or up in both or down in both.

We finally wound up with a questionnaire containing 20 items dealing with foremanship behavior and attitudes of consideration, and 20 items dealing with behavior and attitudes of initiating structure. As indicated above, by slight alterations in wording and scales, the questionnaire could be used by workers or by higher executives to evaluate the behavior of a given foreman. Further, it could be adapted for use by a foreman himself to express his own attitudes.

The development of this sound measurement instrument was actually one of the strongest accomplishments of the research effort.

Using the yardstick

With this instrument, we took a look at the immediate effects of the leadership training in the central foreman training school of the corporation that was cooperating with us. Foremen were being brought in from plants around the country for a two-week training program which placed considerable emphasis on human relations, and used most of the latest gimmicks such as visual aids and role playing. The day they arrived at the school, the foremen were given the questionnaire we had devised, and they took it again two weeks later on their last day of school. They indicated how they thought a supervisor should act. The blanks were then scored for the two basic dimensions of consideration and initiating structure.

The results were quite clear. *After the two weeks there was an average increase in consideration and an average decrease in initiating structure.*

Evidently the school did something to foreman attitudes and in the direction which might have been anticipated. The training pro-

gram was definitely human relations oriented and thus it did make the men more considerate. This is the result that is often found in such projects and usually when the program reaches that point—it stops. However, we were a bit curious as to the extent to which the results of the training would stick and influence attitudes and behavior back at the plant. So we raised our sights.

We could not follow the same men back to the plants because 20 plants were represented in a given session of the school. However, similar results could be obtained by analyzing men at a single plant who had or had not been to the school. We could also find men with various lengths of time since attending school. This is where we got our real surprise.

On the consideration dimension, the behavior of the untrained supervisors averaged 76 points but those who had been to the central school within 10 months had a score of only 69 points—a 9% drop! In addition to the drop in behavior, the attitudes of the foremen from the consideration standpoint dropped about 4%.

The initiating structure dimension showed little difference between the trained and the untrained with reference to those who had not been back at the plant for more than a year after school. However, for those who had been back at the plant roughly for one to two years, the initiating structure attitude score was up about 6% and the behavior score about 11% as compared with those who had not been to school at all. This does not apply to everybody, of course. But it was enough of a trend to suggest a problem. It is significant, also, that attitudes and behavior tended to check each other and showed the same trend, namely the increase in consideration and the drop in initiation of structure.

Thus the research indicated that the human relations training did not stick. We puzzled over this. One possible answer was that the training program made the men more aware of their leadership role

and they tended to identify themselves more with management. The fact that a foreman was selected and given an obviously expensive experience tended to suggest his importance to management. The result might be that he knows the answers all right after the school but when he gets back home he feels more like an executive than he did before and follows the initiating structure pattern. Perhaps he does some learning in both places, school and plant. But the atmosphere is different. What is "right" in the school situation may not work so well in the plant situation.

Why training doesn't stick

This led us to worry some about the actual plant situation. We noted that all the foremen did not show the same trends to the same degree and presumably the situations in which they operated differed considerably. For one thing, each foreman has somebody over him and those somebodies may all be different in their own attitudes. We call this the supervisory "climate." Let's look at it more carefully.

It was not difficult to measure the climate with the same questionnaire items. The foreman rated the behavior and attitudes of his boss and the boss indicated his own attitudes as to how he ought to supervise the foremen under him. Combining these ratings gave us an index of the climate for a particular foreman. Then, on the basis of climate, we broke down the preceding results on the foremen's attitudes and behavior with and without training. For instance, we would take a group with a climate that was high in consideration and another group with a climate low in consideration. Then we would compare the attitudes and behavior of the men in these two groups, and similarly for the initiating structure climate.

Results of this analysis are in the graphs on page 28. The vertical axis in each case indicates average score of the supervisors on the attitude scale or behavior scale for the dimensions indicated. For instance, in the consideration attitudes, the scores of foremen working in climates that were high in consideration (grey bar) aver-



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(For more information, see last page)

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Free brochures describing the course are available upon request from Business Electronics Inc., Educational Division, 420 Market Street, San Francisco 11, California.

(For more information, see last page)

32

aged 59 for untrained foremen whereas those who had had their training at the central school within two to 10 months averaged 57. The lower, solid bars in that same figure indicate what happened when the foreman's climate was low in consideration. The figure shows rather consistently that foremen operating under a highly considerate climate are themselves more considerate than are foremen operating under an inconsiderate climate. The grey bars are above the solid bars except for one point.

The same trend appears for the initiating structure dimension.

The strong indication here is that we must pay more attention to the supervisory climate. The climate in the actual work situation, can fully negate the effect of a foreman training program.

If attitudes developed at the school are to be effective back at the plant we must note the climate in the plant and fix it, if necessary. The inescapable conclusion seems to be that supervisor training should start somewhere near the top and work down, rather than begin with the first line supervisor as is usually the case.

Should foremen be considerate?

The discussion up to this point has implied that considerate attitudes and behavior are desirable. Perhaps we should be more critical and determine if they actually do pay off. We wanted to relate them to production figures but unfortunately comparable production data for the different departments were not available. We did, however, get from the higher executives ratings of the over-all proficiency of the foremen. This was done systematically by a method in which an executive considered foremen two at a time indicating which one was the more proficient. Each foreman was paired with every other and a man's standing depended on how many times he was chosen. These estimates of the foremen's efficiency were compared with their supervisory attitudes and behavior.

At this point another variable entered the picture. The results differed for foremen in production divisions and those in non-production divisions such as maintenance. In the former, estimated profi-

ciency went with a tendency toward initiating structure. In non-production departments foremen with greater estimated proficiency tended to be more considerate. These relationships are not very marked in the statistical sense, but still sufficient to worry about. There is a further indication that producing under a demanding time schedule requires a little more initiating structure if the supervisor is to be rated as efficient. Perhaps supervisory problems involve temporal climate as well as leadership climate—whether the higher executives are the "hurry-up" type as well as the initiating structure type.

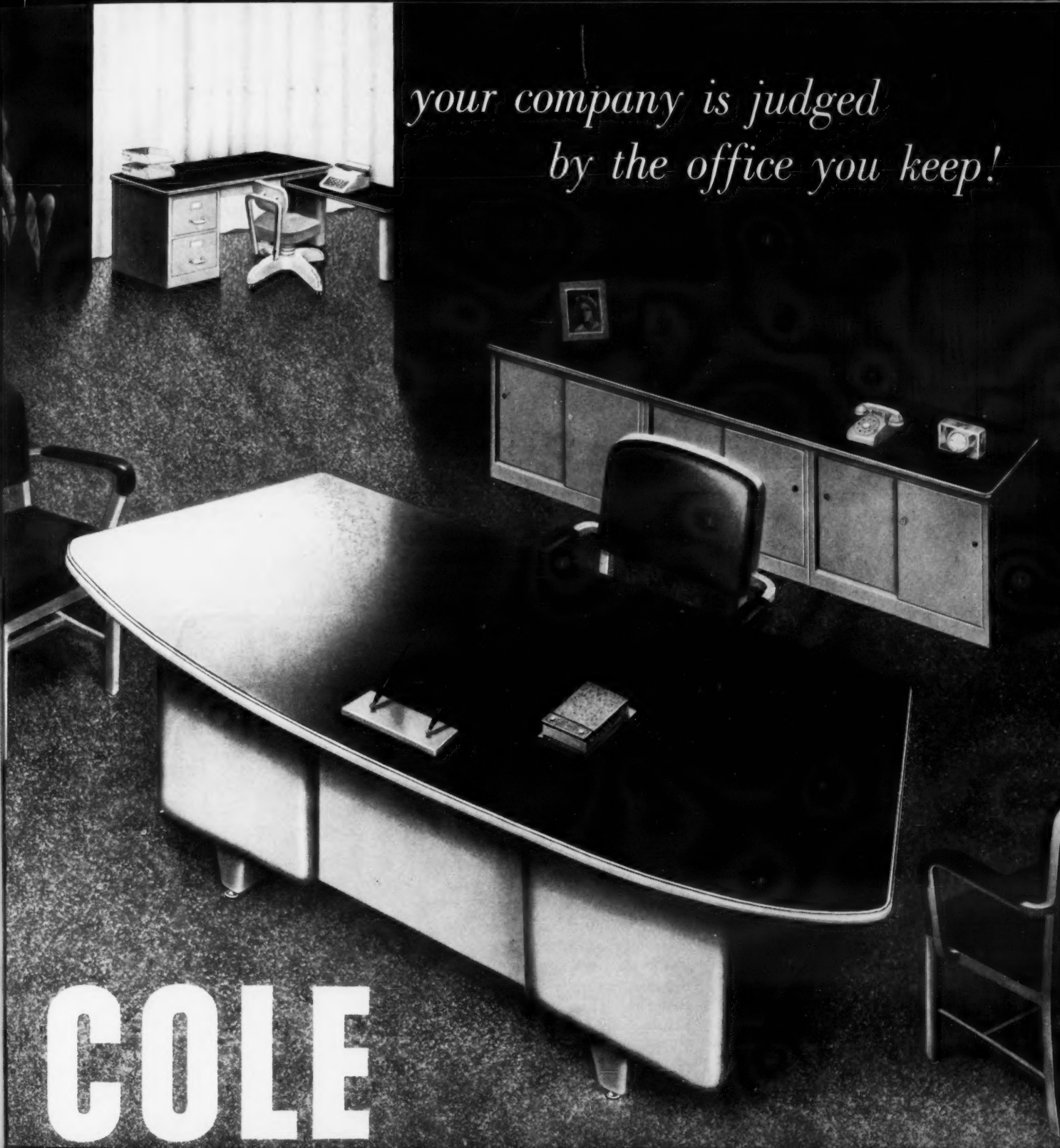
Foremen and absenteeism

We also tried to relate data on absenteeism, accidents, grievances and turnover to supervisory behavior and attitudes. While some other variables such as age or education cut across the results, we were able to eliminate them statistically. But the analysis of accidents and of turnover yielded nothing. Absenteeism, however, was somewhat less when the foreman was more considerate and somewhat greater when there was more initiating structure. There was also a tendency for more initiation of structure to go with more grievances although we found no relation between consideration and grievances.

These results, as far as they go, make some sense because presumably if the men dislike their foreman because of his type of leadership they may stay home and thus get a bit less of that leadership.

Foremen and morale

Finally we attempted to relate the foreman's attitudes and behavior directly to morale in the conventional sense. To do this we developed a key for scoring of questionnaire so as to yield a morale index. It will be recalled that the questionnaire had statements like, "He makes his men feel at ease when talking to him" which the rater checked as "always," "often," "occasionally," "seldom" or "never." A sample of workers indicated (anonymously) the degree which they liked working for a particular foreman and also checked items in the questionnaire



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that characterized him. Then we selected items that appeared related to the like-dislike ratings. For instance, an item that was usually checked "always" for a well liked foreman and "never" for a disliked foreman would be a good item for our purpose. We gave each item a weight (plus or minus) accord-



ABOUT THE AUTHOR

Professor Harold E. Burt has been chairman of the psychology department at Ohio State University since 1938. A pioneer in the development of industrial aptitude tests, he has written eight books on practical psychology as well as a considerable number of research articles that have appeared in technical journals.

ing to the extent to which it differentiated liked from disliked foremen. The total scores selected constituted the moral index.

It was simple to go back to any of the supervisory behavior questionnaires obtained earlier in the study and compute a morale index for the department under any foreman. These indices could be compared with the scores of the corresponding foremen on consideration and initiation of structure.

We found a very high correlation between morale index and the foreman's consideration. There was also a sizeable negative correlation between morale and initiation of structure. Thus our results are pretty clear that considerate attitudes and behavior on the part of a foreman go hand in hand with higher morale of his men while initiating structure attitudes and behavior to quite an extent are accompanied by unfavorable morale.

We must be cautious in generalizing on the basis of an investigation made in a single industrial concern. However, the findings can be summarized and used as guides in reaching certain indicated conclusions (see box, page 29). The findings are strongly suggestive on some important points and it seems a fair guess that the conclusions suggested in this study would hold up elsewhere. m/m

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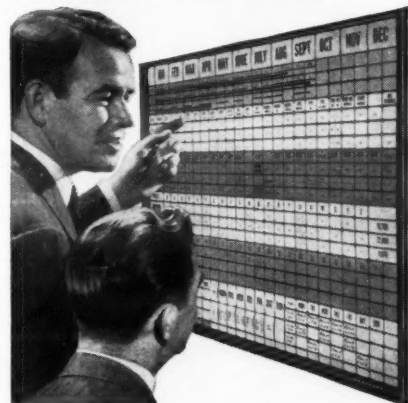
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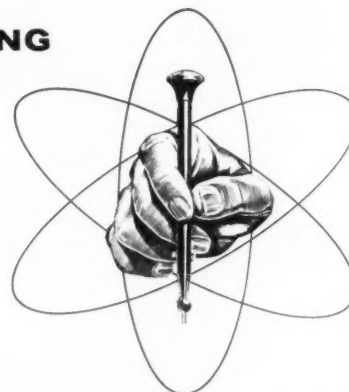
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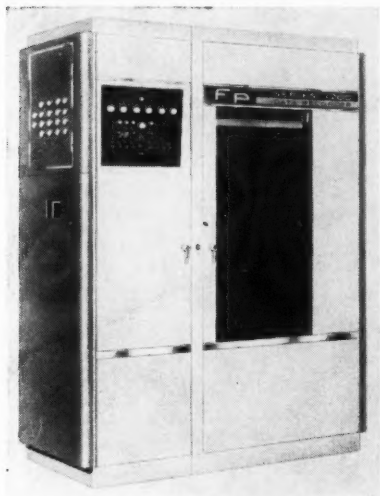
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Data logger introduced

A new data logger, the series 1200, featuring "building block" construction and flexible pin-board programming, has been introduced by Fischer & Porter Co.



Fischer & Porter Data Logger

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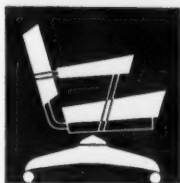
For more details, circle number 615 on the Reader Service Card.



Manual aids management

A new, 196-page manual, "A Study for Management—the Univac II Data Automation System," has been published by Remington Rand.

It is written to help top management investigate the electronic computer, its capabilities, operation and applications. The contents are based on the collective experience of hundreds of Univac specialists who have



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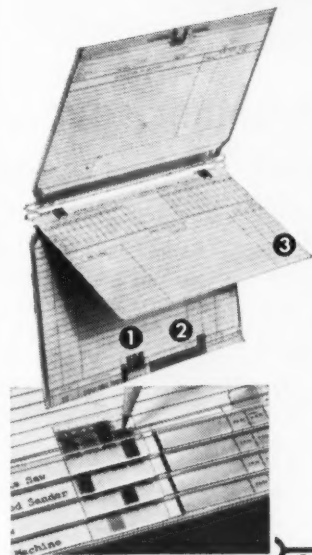
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tion and the minimum of service required, as most of our jobs are located in isolated areas many hours from National Service offices. And the simple operation and programming of these machines is advantageous in training personnel quickly to use these machines on relatively short-term field jobs.


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Transistor unit delivered

The Nuclear Co. division of Union Carbide Corp., at Oak Ridge, Tenn., has installed an IBM 608 all-transistorized computer in its machine accounting department. It is the first production model to be delivered of this new computer, which operates without one vacuum tube.

The new unit is said to have more than twice the computing speed as well as over double the storage capacity of its immediate predecessor, the vacuum tube model 607. More than 3,000 transistors are employed in construction of the new unit. They result in a 50% reduction in computer-unit size and 90% reductions in both power requirements and heat generated.

The transistors are mounted on some 700 printed wiring panels, each slightly larger than a standard postal card.



Machine "reads like human"

Cummins-Chicago Corp. has introduced the Perf-O-Reader, a device which is said to read legible perforated numbers and translate them into any form of "machine language."

It is used as input for computer systems, tape-to-card punch machines, transceivers and electronically actuated printing listers and calculators. Perf-O-Reader can be programmed for different operations from a control panel and adjusts to translate information from documents of different sizes and thicknesses.

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(For more information, see last page)

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The Elbe File & Binder Co., Inc., Fall River, Mass., published an all-new, 116 page, loose-leaf & sales presentation catalog. It lists over 1500 stock items and hundreds of made-to-order binders. The features: 1. An exclusive loose-leaf planning section; 2. Helpful idea sections for increasing office and sales efficiency; 3. Special sections dealing with sales tools, custom-made products, advertising specialties, business gifts and visual aids; 4. Dozens of all-new stock lines and advanced styles.



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(For more information, see last page)

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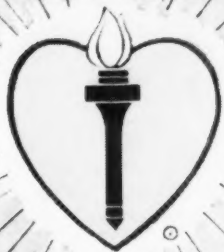


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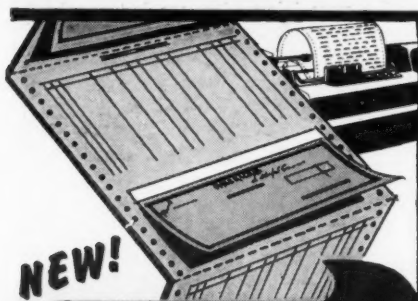
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(For more information, see last page)

Unused warehouse makes useful sales promotion center



Kimberly-Clark auditorium converts to dining area.

Even in today's conditions, a firm occasionally finds itself with some surplus space on its hands—an empty office, an unused end of a factory, a vacant warehouse. One company grasped just such an opportunity to put an imaginative idea into action.

Six years ago, papermaker Kimberly-Clark Corp. had a little-used warehouse overlooking a scenic Wisconsin lake. Today the building is a handsome sales training and sales promotion center.

Beyond a new entrance and some inexpensive face-lifting, little exterior work was done on the building. But inside a complete rebuilding job was undertaken to provide facilities and equipment for telling the company's sales and product stories. Now running full

tilt, the sales promotion center houses as many as four sessions or training programs in a single day.

At low cost, the converted warehouse provides Kimberly-Clark with a place to:

1. Sell its products, policies and people to customers and prospects.
2. Hold meetings of the sales force, as well as of distributors and their sales staffs.
3. Train the company's own salesmen and other key employees.
4. Display products, present and test new ideas in salesmanship.

A comfortable auditorium, complete with stage, screen and projection booth, seats 200. Other facilities include lounges, conference rooms, a full kitchen, and dining facilities where 15,000 meals are served each year.

m/m

Role playing is used to dramatize sales techniques at "schools" held at the K-C promotion center



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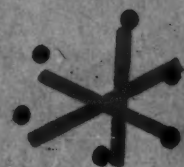
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stack higher, safely...
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Chairman of the Board

THE COMPANY

General Electric Co.

THE DESIGNER

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An illuminated drop ceiling provides clear, even light over Mr. Reed's desk and helps differentiate work area from the living room end of the office.

A modified living room look

Through imaginative use of space, the designer created a modified living room look in the office of Philip D. Reed, combining a work area with an informal grouping of comfortable furniture.

As befits the position of chairman of the board of the largest manufacturer of electrical products, Mr. Reed's office emphasizes flexible lighting. The principal work area, at the desk,

is subtly lighted from a floating lighting element.

Deluxe cool white fluorescent lamps, on an electronic dimming system, give the room an appropriate mood for any occasion. Accent lighting is provided by the two portable table lamps and the bracket lamp above the oil painting.

The walls are walnut panels and textured wall covering; the carpeting is a Willow-green, and the ceiling is a tint of the carpet color.

m/m

Grouped around the marble fireplace in the living room section of the office are a boldly striped curved sofa, comfortable club chairs and mahogany end tables. Wall paneling is walnut and the ceiling in this section is pale green.





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(For more information, see last page)

Parkinson's Law or how not to run a business



In a new book, a British historian waylays some sacred cows of modern business, and mixes spoof with proof that many common practices of management are fraught with illogic and inefficiency.

PARKINSON'S LAW AND OTHER STUDIES IN ADMINISTRATION, by C. Northcote Parkinson. Houghton Mifflin Co., Boston. 1957. 113 pp. \$3.

Work (and especially paper work) is elastic in its demands on time. A job like addressing and mailing a postcard might take a busy executive three minutes flat. The same task might leave an elderly lady of leisure prostrate after a day of doubt, anxiety and toil.

This, in essence, is Parkinson's Law.

This newly discovered law has important implications for business executives. For example, a job in your company that two years ago was handled nicely by one man may now require an organization of, say, seven people. It makes no difference whether the volume and need for the work has increased, diminished or even disappeared. What governs the growth is Parkinson's Law.

Prof. C. Northcote Parkinson bases his law largely on two axioms:

1. "An official wants to multiply subordinates, not rivals."
2. "Officials make work for each other."

Prof. Parkinson is a Britisher and a humorist teaching history at the University of Malaya. When such a man simultaneously puts his tongue in his cheek and his finger on the sensitive nerves of business, the result is bound to be explosive.

In his book, appropriately titled *Parkinson's Law*, Prof. Parkinson mixes spoof with proof that many of

the practices (and people) of modern business are, when uncovered, surprisingly negative in their effect.

To illustrate his primary premise, author Parkinson sets up the hypothetical case of a civil servant who decides that he is overworked. Because of the axiom that officials want to multiply subordinates and not rivals, this man does not even consider the possibility of sharing his workload with a colleague. Instead, he demands the assistance of two subordinates. There is probably no instance in history, says Prof. Parkinson, of a man in this position choosing any other course of action.

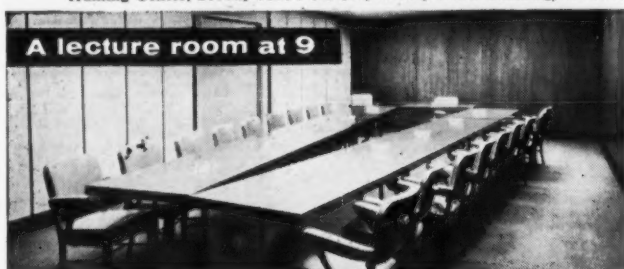
By dividing his work between two subordinates, the official increases his own status and remains the only person who can fully comprehend the over-all job that he once handled himself.

Of course, due to the axiom that officials make work for each other, it will be soon found that the civil servant in question and his two subordinates are again overworked because of the time they must spend reporting to each other and coordinating their efforts. Thus, one of these subordinates will demand two assistants of his own, and, in order to keep the original two subordinates on an equal status, a pair of assistants will have to be provided for each of them.

Now there are seven people doing the work that one man did before. Of course, this number will rapidly increase because the seven-man organization will continue making work for itself, continue to be overloaded, and continue to require more and more and more subordinates.

In case any reader of this book should take the

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(For more information, see last page)

Votes can be swayed by accident, but it is better to sway them by design, says Parkinson.



position that this hypothetical case is satirical only, Author Parkinson supports it with actual examples. He points out that in 1914 the British Navy consisted of 146,000 officers and men, 3,249 dockyard officials and clerks and 57,000 dockyard workmen. By 1928, says he, the number of officers and men had dropped to only 100,000, the dockyard work force had risen slightly to 62,439, but dockyard officials and clerks had expanded in number to 4,558. Further, between 1914 and 1928, the number of British capital ships had decreased from 62 to 20, yet the number of admiralty officials had increased in number from 2,000 to 3,569, thus providing "a magnificent navy on land."

How not to handle a meeting

The tendency of work to expand in proportion to the time available for accomplishing it is only one of the business-relative subjects into which satirist Parkinson delves. Another is the variety of methods used to conduct business meetings. Excerpt:

"A moment's thought will convince us that a Square Table Conference would be something totally different [from a Round Table Conference] and a Long Table Conference would be different again. These differences do not merely affect the length and acrimony of the discussion; they also affect what (if anything) is decided. Rarely, as we know, will the voting relate to the merits of the case. The final decision is influenced by a variety of factors, few of which need concern us at the moment. We should note, however, that the issue is actually *decided*, in the end, by the votes of the center bloc. This bloc essentially comprises the following elements:

"a. Those who have failed to master any one of the memoranda written in advance and showered weeks beforehand on all those who are expected to be present.

"b. Those who are too stupid to follow the proceedings at all. These are readily distinguishable by their tendency to mutter to each other: 'What is the fellow talking about?'

"c. Those who are deaf. They sit with their hands cupping their ears, growling, 'I wish people would speak up.'

"d. Those who were dead drunk in the small hours and have turned up (heaven knows why) with a splitting headache and a conviction that nothing matters either way.



"e. The senile, whose chief pride is in being as fit—or even fitter indeed—than a lot of these younger men. 'I walked here,' they whisper. 'Pretty good for a man of 82, what?'"

"f. The feeble, who have weakly promised to support both sides and don't know what to do about it. They are of two minds as to whether they should abstain from voting or pretend to be sick."

This description is followed by a detailed outline of a diabolical method for capturing the support of the committee member who is unable to make up his mind.

The Law of Triviality

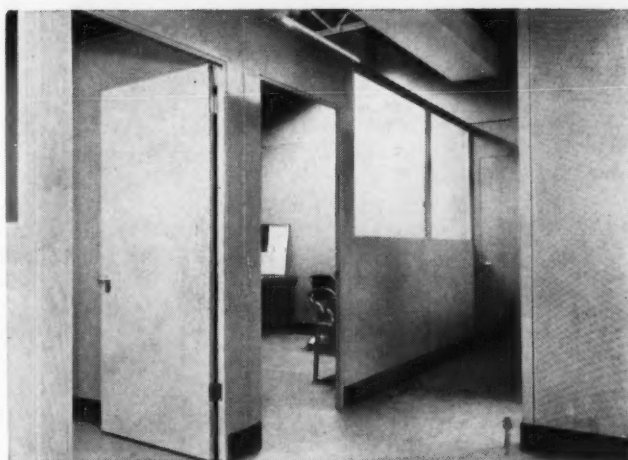
Parkinson touches some sensitive business nerves in his chapter devoted to company methods of dealing with fiscal problems. He sets forth his Law of Triviality which, briefly stated, means "that the time spent on any item . . . will be in inverse proportion to the sum involved." He illustrates this law by dramatizing the dialogue in a firm's financial committee meeting. One item on the agenda is a proposed expenditure of \$10 million for an atomic reactor. Since no one understands the reactor or what it is to be used for, especially after the waters have been muddied by an incomprehensible subcommittee report, the item is quickly disposed of (2½ minutes) through unanimous approval.

Then the committee turns its attention to a proposed expenditure of \$2,350 for a bicycle shed for the use of clerical workers. This is a project and a sum that all members of the committee can comprehend, and comfortably discuss. The discussion goes like this:

"Chairman: Item 10. Bicycle shed for the use of the clerical staff. An estimate has been received from Messrs. Bodger and Woodworm, who undertake to complete the work for the sum of \$2,350. Plans and specifications are before you, gentlemen.

"Mr. Softleigh: Surely, Mr. Chairman, this sum is excessive. I note that the roof is to be of aluminum. Would not asbestos be cheaper?"

"Mr. Holdfast: I agree with Mr. Softleigh about the cost,



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but the roof should, in my opinion, be of galvanized iron. I incline to think that the shed could be built for \$2,000, or even less.

"Mr. Daring: I would go further, Mr. Chairman. I question whether this shed is really necessary. We do too much for our staff as it is. They are never satisfied, that is the trouble. They will be wanting garages next.

"Mr. Holdfast: No, I can't support Mr. Daring on this occasion. I think that the shed is needed. It is a question of material and cost . . ."

The discussion continues for 45 minutes, the members finally trimming \$300 from the proposal and basking in the pride of their achievement.

Next, the finance committee turns to a proposal involving \$57, and they spend 1½ hours debating this. Says Parkinson:

"It would be natural to ask at this point whether a still smaller sum—\$20, perhaps, or \$10—would occupy the finance committee for a proportionately longer time. On this point, it must be admitted, we are still ignorant. Our tentative conclusion must be that there is a point at which the whole tendency is reversed, the committee members concluding that the sum is beneath their notice. Research has still to establish the point at which this reversal occurs. The transition from the \$50 debate (an hour and a quarter) and the \$20 debate (2½ minutes) is indeed an abrupt one. It would be the more interesting to establish the exact point at which it occurs. More than that, it would be of practical value. Supposing for example, that the point of vanishing interest is represented by the sum of \$35, the treasurer with an item of \$62.80 on the agenda might

well decide to present it as two items, one for \$30, and the other for \$32.80, with an evident saving in time and effort."

Committee size vs. strength

Another topic that has grasped the interest of Prof. Parkinson is the relationship between a committee's size and its effectiveness. Through pseudo research, as well as what appears to be some actual research, he has established the fact that the ideal size of a committee is five members. "With that number," says he, "the plan is viable, allowing for two members to be absent or sick at any one time. Five members are easy to collect, and when collected, can act with competence, secrecy and speed."

Due to the "coefficient of inefficiency," however, which is a principle closely akin to the basic Parkinson's Law, committees are destined to grow, if only for the reason that there is almost always someone who has been excluded who feels he should be included, and it is easier to include him than to suffer his offense.

Thus, a committee in its second stage of development grows to a membership of nine. In the third stage, with 10 to 20 members, considerable drawbacks appear. But in the fourth and final stage (between 20 and 22), a sudden organic or chemical change occurs. Says Parkinson:

"The nature of this change is easy to trace and comprehend. In the first place, the five members who matter will have taken to meeting beforehand. With decisions already reached, little remains for the nominal executive to do. And, as a consequence of this, all resistance to the committee's expansion comes to an end. More members will not waste more time: for the whole meeting is, in any case, a waste of time. So the pressure of outside groups is temporarily satisfied by the admission of their representatives and decades may elapse before they realize how illusionary their gain has been. With the doors wide open, membership rises from 20 to 30, from 30 to 40. There may soon be an instance of such a membership reaching the thousand mark. But this does not matter for the [committee] has already ceased to be a real [committee], and has been succeeded in its old functions by some other body."

Here are some other business areas on which Prof. Parkinson elucidates in his book:

How to recruit and select personnel

The author points out that due to the inexorable working of Parkinson's Law, new personnel must constantly be recruited, and thus the problem arises as to which candidates to select.

"Modern methods," he says, "center upon the intelligence test and the psychological interview. The defect in the intelligence test is that high marks are gained by those who subsequently prove to be practically illiterate. So much time has been spent in studying the art of being tested that the candidate has rarely had time for anything else."

How to recognize a dying concern

According to Parkinson's research, when you visit a business firm and find its offices in chaotic squalor,

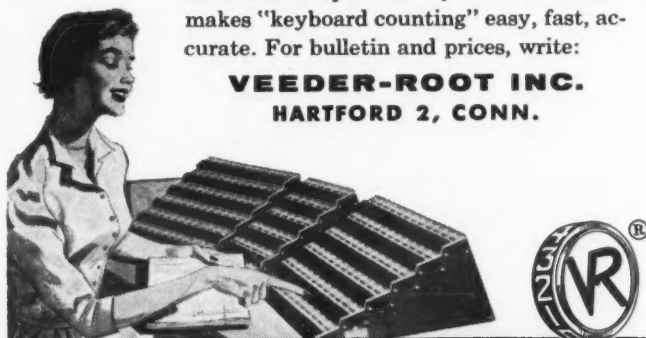
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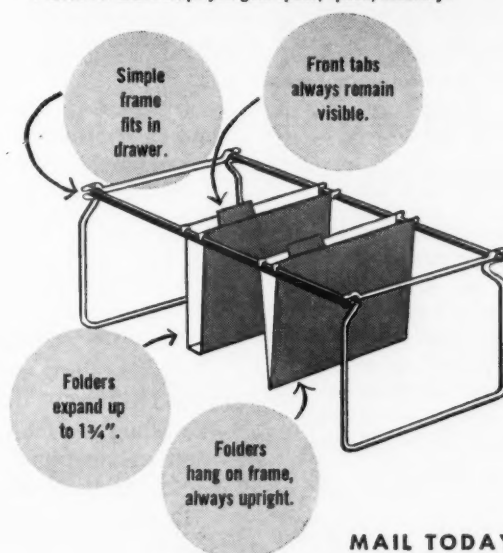
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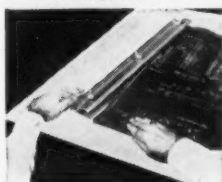
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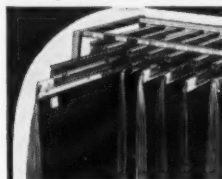
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Frenzied debate is likely to occur only on trivial items, says Parkinson.

this is a definite signal that the company is lively, productive, flourishing. On the other hand, a firm whose offices are clothed in convenience and dignity, with an overpoweringly cultured receptionist, thick carpets and tidy desks, is unquestionably on the point of collapse. The reason for this paradox is that only firms that have outgrown their usefulness have time for the perfection of planned layout.

How to tell who's important at a cocktail party

By an intricate method of computing arrival time and the pattern of movement that guests take through the room at a cocktail party, it is possible to determine who are the important guests, and who are not. For this method, it is necessary to mentally divide the entire floor area into coded squares, and plot the speed and course of movement of the various guests.

How to force a man to retire

The modern method for getting a man to retire, says Parkinson, depends essentially on air travel and the filling in of forms. "Research has shown that complete exhaustion in modern life results from a combination of these two activities."

Parkinson suggests that to get a man to retire, you simply keep him travelling for approximately three weeks out of four, and then make certain that when he returns his desk is piled high with forms of all kinds to be filled out, particularly those headed "Income Tax." In a matter of a few months, according to the author's research, the man will announce his intention to retire.

Parkinson's Law is a book that has a good deal to say to the business executive, despite its light treatment. It can serve as an eye opener concerning the invalidity of some business practices. Although enjoyable, it may strike very close to home. m/m



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How to plot the ideal location for a warehouse

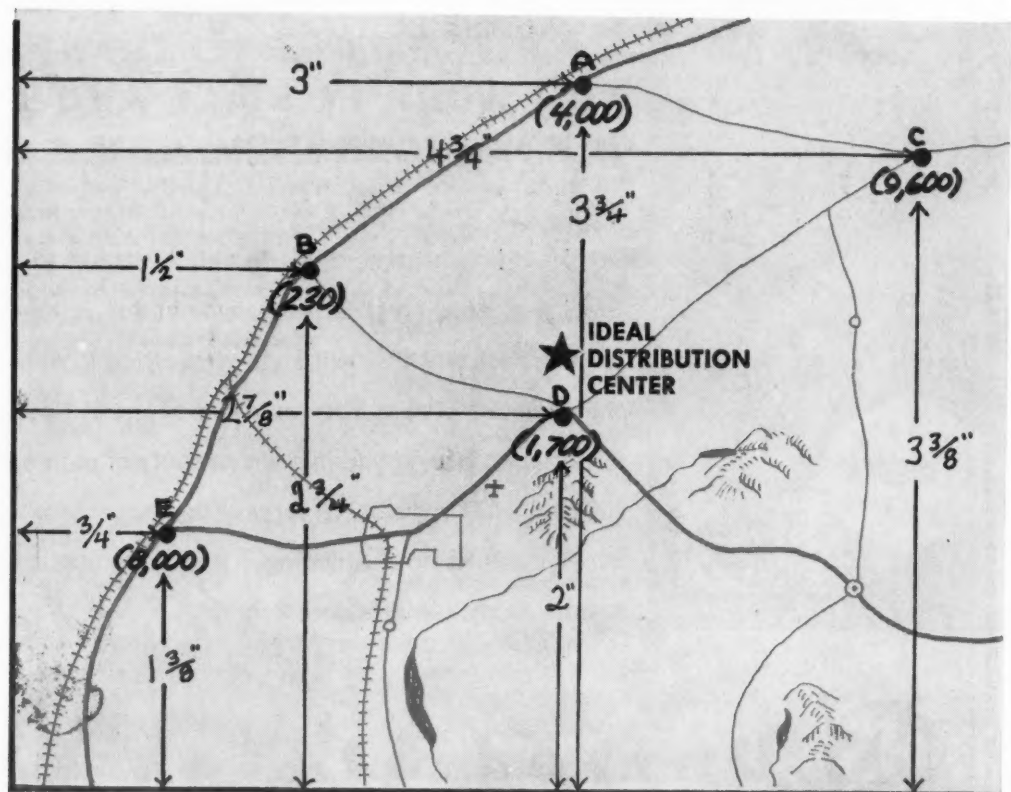
This simple method will show you how close your distribution center is to its "ideal" location, in terms of size and distances of shipments made from or to it. Equally important, the method gives you a clue as to whether changes in your distribution pattern call for a future relocation of the center. To work the problem, all you need is a map of your distribution area.

By Carl G. Eneborg

Industrial & Mechanical Engineer
Elmwood Park, Ill.

Figure 1

Using map (color) and overlay (black), you can locate ideal distribution center (star). Chart (page 53) provides necessary figures.



With transportation cost constantly on the rise, you can't avoid facing this question:

Is your distribution center strategically located to most economically supply the distribution points served?

From a centralized supply point, you may be shipping finished products to sales outlets, or raw materials to various manufacturing sites. In any case, it is obviously not the answer to simply spot the supply source in the exact geographical center of the various points served. For one thing, some sales outlets, for example, require more and bigger shipments than others, thus calling for the distribution center to be closer to these points than to others.

Further, the location of the distribution center is complicated by the fact that your distribution pattern is probably subject to change. For example, the location of a warehouse may have been economically sound five years ago when it was established, but, as your distribution pattern shifts, will that location be economical five years from now?

The very practical job of stra-

tegetically locating a distribution center involves the weighing of a number of factors. Some of the considerations are the geographic terrain involved, the availability of rail, trucking or other transit facilities and, again, how your distribution pattern can be expected to change in the future.

How, then, can you go about determining the most economical spot for a warehouse? A good starting point is to determine the "ideal" location strictly on the basis of two key factors: 1) how much material is to be shipped, and 2) the varying distances that it is to be shipped.

There is a fairly simple mathematical means of plotting this "ideal" location. The method has been used by the author in helping some prominent firms establish distribution centers. All that is required is patience and a map of the distribution area in question.

To demonstrate how this mathematical method works, let's take a hypothetical example.

Assume that the color portion of Figure 1 represents a map of your distribution area. Assume you have five sales outlets in the area and

want to determine the best place to put a warehouse.

The first step is to fasten a transparent overlay to the map. On this overlay, mark the location of your sales outlets. These are shown over the map in black as A, B, C, D, and E. At each point, you also indicate the sales per calendar year. This figure can be expressed in any common unit—pieces, measured quantity, or money value. For our example, let's assume the figures represent number of units sold at each location—4,000 at outlet A, 230 at outlet B, and so on.

In addition to marking these

ABOUT THE AUTHOR

Carl G. Eneborg's experience in industry has been acquired in all sections of the country, primarily in the fields of light manufacturing and assembly work. In addition to managing a number of small plants and holding a variety of engineering positions, he has served with a nationally known firm of consultant industrial engineers. Now settled in Elmwood Park, Ill., he is continuing his consulting work locally.

Simple chart helps locate ideal distribution center

Sales Outlet	(1) Units sold per year	(2) Measured distance from vertical axis	(3) Vertical quantity-distance value	(4) Measured distance from horizontal axis	(5) Horizontal quantity-distance value
A	4,000	3"	12,000	3¾"	15,000
B	230	1½"	345	2¾"	632.5
C	9,600	4¾"	45,600	3¾"	32,400
D	1,700	2⅞"	4,887.5	2"	3,400
E	8,100	¾"	6,075	1¾"	11,137.5
TOTAL	23,630		68,907.5		62,570

Is your warehouse strategically located? Is your shipping pattern one of

sales figures on the map, you also tabulate them as shown in column one of the table, under the heading, "Units sold per year."

The next step is to draw on the map overlay a vertical line to the left of the distribution points, and a matching horizontal line below the points. These overlay lines are shown in black on Figure 1. It doesn't matter exactly how far from the various distribution points the lines are drawn, so long as they form a right angle.

Now measure the distance from the *vertical* axis to each distribution point on the map. Tabulate the distances in inches to the chart as shown in the table, under the

heading, "Measured distance from vertical axis." For example, the measured distance from the vertical axis to outlet A is 3", distance to outlet B is 1½", and so on.

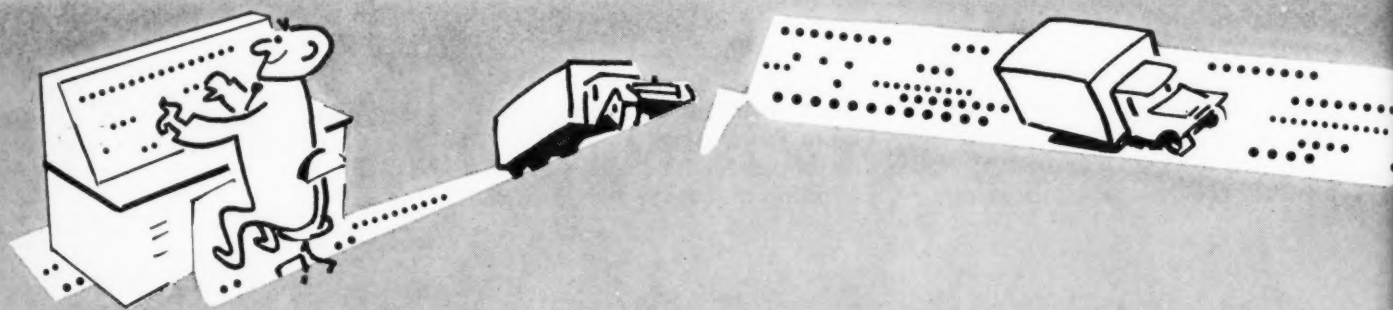
Next, multiply the units sold per year at each outlet (column one) by the outlet's distance from the vertical axis (column two), and tabulate the finding in a third column titled, "Vertical quantity-distance value." For example, to determine the vertical quantity-distance value for outlet A, you multiply 4,000 units by 3" and get a value of 12,000.

Now follow the same procedure with regard to the *horizontal* axis. Measure the distance from this axis to each point and tabulate the

distance in inches in column four headed "Measure distance from horizontal axis." Multiply each distance figure by the units sold per year, shown in column one, and tabulate the resulting horizontal quantity-distance value in the last column of the chart. For example, the horizontal quantity-distance value for outlet A is the measured distance from the horizontal axis (3¾") multiplied by the units sold per year (4,000 units), which equals a value of 15,000.

The next step is to total the units sold per year (column one), the vertical quantity-distance values (column three) and horizontal quantity-distance values (column five).

Now divide the total vertical



How a computer service can minimize your freight charges

At small cost, a data processing center will run your facts and figures through a computer, produce for you the shipping pattern of highest economy.

Dr. John M. Ryan*

*Dr. Ryan is General Manager of the Dallas district of Datics Corp., a data processing and computing service for industry and science.

Even if your shipping pattern appears to be a highly complicated jumble, it's no real trick now to reduce it to a plan of optimum transportation economy.

The reason is that programming now has been predetermined which makes it possible for computers of all sizes to handle frustrating distribution problems in almost the snap of your fingers. Assuming you don't have a computer of your own available, all you need to do is turn your facts and figures over to one of the many computer service centers located around the country. With the equipment and programming at its disposal, such a computer service will tell you how to achieve the highest economy by shipping which products from which sources to which destinations. In the period B. C. (*i.e.*, Before Computers) such problems required long, complicated and costly mathematical figuring. Now the same type of problems can often be computed in perhaps a half-hour and at a cost of perhaps \$100.

As a simple illustration, suppose a firm makes just one product. It has a plant with a 3 million unit capacity in Topeka, another with a 4 million unit capacity in Borger, a third plant with a 2 million capacity in Houston and a fourth with 8 million capacity in Tulsa. The firm has six warehouses to which it wants to ship the following volumes: Kansas City—3 million units; Chicago—3 million; Lima—6 million; Shreveport—2 million; Miami—1 million; and Port Arthur—2 million.

optimum economy? These articles tell you how to get the answers.

quantity-distance value (column three) by the total units sold per year (column one). In addition, divide the total horizontal quantity-distance value (column five) by the total units sold. The result in each case will give you the distance in inches from the vertical and horizontal axes to plot the distribution center on the map.

For example, in our illustration, the distance from vertical axis to the ideal distribution center will be (to the nearest eighth inch)

$$\frac{68,907.5}{23,630} \text{ or } 2\frac{7}{8}''$$

Distance from horizontal axis to the ideal distribution center will be

$$\frac{62,570}{23,630} \text{ or } 2\frac{5}{8}''$$

The distribution center so defined has been marked with a star in black on the map which appears on the opening page of this article, p. 52.

It must be emphasized that this is only the "ideal" location, based solely on amounts of material shipped and the distances these materials must be shipped. The formula does not take into consideration, for example, the fact that the "ideal" distribution center may be in the middle of a lake. Neither does it take into consideration the fact that better or cheaper transit facilities may be available from an entirely different location.

This mathematical plotting method, however, can serve as a

valuable guide. Further, it can help you determine the direction you should consider moving your distribution center in the future, assuming your distribution pattern is changing. If, for example, you have figures showing your distribution pattern for a series of years in the past, you can use the formula to plot the "ideal" distribution center location for each of these years. This will reveal the magnitude and direction of the shift, and a trend line can be projected.

While computers have taken over a great many of the functions of today's business operations, there's still a good deal of valuable work that can be done with pencil, paper and basic arithmetic. m/m



The problem is to determine which plants should ship what quantities to which warehouses.

In this case, the production equals the demand. A computer can handle the problem, however, even when production and demand do not balance. If the demand is not as large as the supply, for example, the computer will prorate shipments on a minimum cost basis (although such a proration may not be desirable because of other considerations).

Assume now that the schedule of shipping rates between sources and destinations is as follows:

Freight Rates in Cents Per Unit

Source	Destination					
	Kansas City	Chicago	Lima	Shreve-port	Miami	Port Arthur
Topeka	5	3	7	3	8	5
Borger	5	6	12	5	7	11
Houston	2	8	3	4	8	2
Tulsa	9	6	10	5	10	9

This freight rate schedule is turned over to a computer center for processing, together with the figures on production at the various plants and supplies required at the various destinations. Using one of the several existing routines, a computer produces a shipping table as shown here:

Shipping Schedule

Source	Destination					
	Kansas City	Chicago	Lima	Shreve-port	Miami	Port Arthur
Topeka	0	1	0	0	0	2
Borger	3	0	0	0	1	0
Houston	0	0	2	0	0	0
Tulsa	0	2	4	2	0	0

Note that no source ships more than its limit nor does any destination receive more than its request. It is impossible to create a shipping pattern which meets these criteria and which has a lower total transportation cost.

If several products are involved, or if different sizes or styles are involved, a separate table can be prepared for each.

Limitations of specific programming routines and machines vary, of course, so all computers cannot handle all distribution pattern problems. However, the IBM 650, for example, will handle a problem of up to about 100 sources and 300 destinations; other medium sized machines will treat equally large problems.

It's a safe assumption, that if you have a distribution problem anything like the example given here, the savings you can accrue by using the computer method will far exceed the modest cost. m/m

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How to cut cafeteria costs



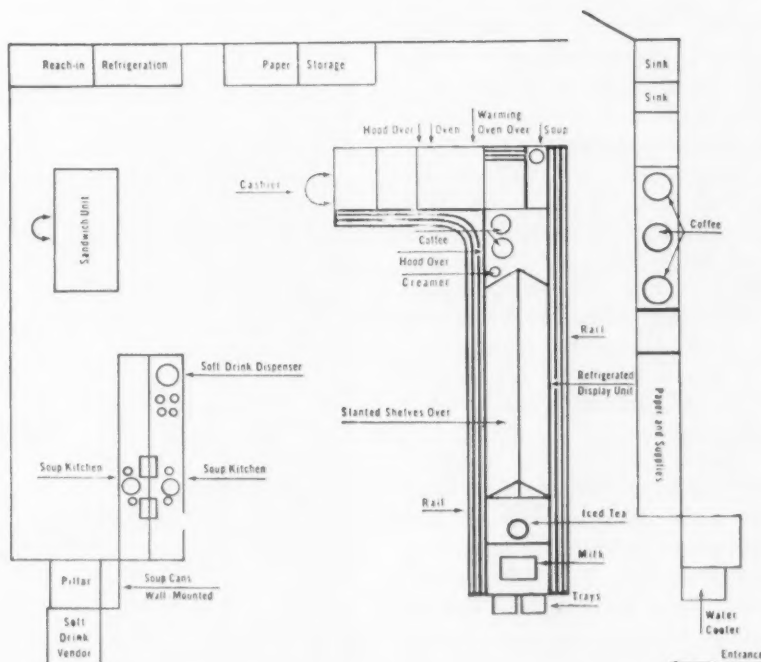
Paper plate service is easy, does not in any way limit types of food. Here, filet of sole, French fries, salad, butter, pie and milk are served on paper.

Deduct \$6,000 from your estimate of the cost to install a cafeteria; cut another \$6,500 per year from anticipated operating charges. These average savings can result from using an "all-paper kitchen." Here are the facts and figures, plus a case in point.

A fully equipped small cafeteria probably can be installed in your building for some \$6,000 less than your latest estimate. And you may be able to run it for about \$6,500 a year under the figure you anticipate.

How can this be done? The answer is an "all-paper kitchen," where the substitution of paper plates and cups for heavy cafeteria crockery sets off a chain reaction of benefits that starts with money saved and leads to faster service and increased employee satisfaction.

A paper kitchen eliminates the need for elaborate dishwashing equipment—estimated average saving, \$2,000. A paper kitchen eliminates the need for stocking up on dishes, cups and saucers—estimated average saving, \$3,000. A paper kitchen eliminates the need for special dishwashing plumbing,



All-paper cafeteria at Reuben H. Donnelley fits into compact space. Traffic flows from right to left inside the "U" of the main counter.



Happy smiles (left) greet paper service which is clean, easy to handle. Smaller trays can be used for compact paper plates, making it possible to maneuver for seat while holding food in one hand.

Happy staff (below) has easier clean-up task, lighter materials, no complaints about dirty plates. Shown here is a cafeteria counter combined with vending machines at M. Lowenstein. Paper plates have made it possible to expand this operation from an all-vending unit to one with service, without increasing the need for space or labor.

such as extra hot water supply, drainage devices, etc.—estimated average saving, \$1,000. Total savings, \$6,000.

All these savings mean, too, that additional high rental space for the extra dishwashing equipment is unnecessary, leading to a rental saving of perhaps \$1,800 per year. The balance of \$4,700, leading to the total annual saving of \$6,500, can be saved because, with the elimination of the dishwashing function, a cafeteria can be efficiently run with fewer personnel.

Typical of such all-paper kitchens is the installation at the New York headquarters of Reuben H. Donnelly, Inc. Here some 600 lunches are served each day, and the cafeteria also serves as the starting point for both morning and afternoon coffee-break service carts. The Donnelly installation was designed expressly for all-paper service, and occupies a total of 550 square feet.

If crockery had been contemplated, Donnelly would have had to set aside another 250 to 300 square feet of space. The space requirement alone is something to consider: new construction works out to an average figure of about \$20 per square foot. A saving of 300 square feet means a saving of \$6,000.

What you need

Just what does a paper kitchen involve? First, all dishes are of paper. This includes plates, cups and containers for hot foods. Utensils are of stainless steel. Your cafeteria can be as simple or as elaborate as you like. It can include vending machines that serve hot coffee, hot

chocolate or hot soups. Other machines can dispense cold beverages, fruit juice and cookies. If vending machines are used the cafeteria itself can be held to a minimum of space.

Generally, however, a typical paper cafeteria will offer a menu of fruit juices, soups, salads, sand-



*This giant electronic brain
won 8 major contracts —
before it was born!*

Several weeks ago, a new kind of giant electronic brain started operating in a vast business where complicated records had begun to swamp mortal man and the inadequate machinery at hand.

The name of this giant brain is "DATAmatic 1000". It is Honeywell's electronic data processing system.

But this story is *not* about the amazement of the business technicians who have been watching the DATAmatic 1000 at work. It is not about this system's record-breaking speed and unequalled capacity. Nor is it about this new brain's sizable advantage in true cost.

Skip all that for the moment. Just consider what, perhaps, is the most remarkable fact of all:

Eight of America's top organizations contracted for the two-million-dollar DATAmatic system many months ago — long before it was possible to see the physical machinery of this electronic marvel.

That is the kind of confidence they had in Honeywell engineering and scientific skill.

That is the tribute they paid to the keen engineers who had clearly taken a giant step forward in electronic data processing.

Do you wonder that Honeywell views this endorsement with pride?

And, in view of this multi-million-dollar vote of confidence, do you wonder that leaders in business are placing DATAmatic 1000 high on the list for investigation?

Consideration of any large-scale data processing program is incomplete without the facts on DATAmatic 1000. Our applications engineers will be glad to discuss your requirements. Write for details to Walter W. Finke, President, DATAmatic, Dept. M1, Newton Highlands 61, Massachusetts.



DATAmatic 1000

Honeywell



DATAmatic

ELECTRONIC DATA PROCESSING

(For more information, see last page)



CANCER LIFE-LINE

In factories, plants and offices across the nation, the line is busy. Through films, pamphlets, posters, exhibits and lectures, the life-line of cancer education is reaching more and more men and women in business and industry.

All of us are concerned with the major threat which cancer poses. Today, thousands of lives are being saved each year, but many more would be saved if people went to their doctors *in time*. This, and many other facts of life about cancer, are part of the education program which the American Cancer Society offers you in your plant or factory. For additional information, call the American Cancer Society office nearest you, or write to "Cancer" in care of your local Post Office.



AMERICAN CANCER SOCIETY

wiches, from one to three hot dishes each day, beverages and a variety of desserts. Most of the food for such operations can be supplied by a catering organization, prepared at a central commissary and delivered daily to the cafeteria in refrigerated trucks. The heating and assembly of the food for serving is done on the premises.

Equipment needed for such a paper cafeteria would be:

- coffee urns
- refrigerated display space for salads and certain desserts
- a steam table or an oven for hot foods
- dry display space for sandwiches, pastry and cake

Behind-the-scenes equipment would include:

- tables for sandwich and salad preparation
- storage space for paper plates, cups and other supplies
- a storage refrigerator
- a double sink for utensil washing and general clean-up

With just this equipment (plus, of course, adequate seating facilities) an organization can serve some 1,000 lunches a day.

With the use of paper plates come added advantages: speed and silence. Actual time studies of crockery versus paper cafeterias reveal that service is 10% to 15% faster with an all-paper set-up.

The final argument for paper plates is a double-barreled one: sanitation and satisfaction. Long touted as more sanitary than ordinary china plates ("No hidden cracks for hidden germs") the slogans of paper plate manufacturers ("For you—and you alone!") have paid off; the overwhelming reason given by employees for paper plate preference is, "They're clean." (Secondly: "They're light, easy to carry.")

According to the optimistic Paper Plate Association, some 20% of this country's industrial cafeterias are all-paper, and the number is growing. In new construction the space-saving feature of an all-paper cafeteria is important; in an older building the put-it-almost-anywhere angle is a vital factor. But wherever paper cafeterias function, their economy and efficiency make it look as though tomorrow's flying saucers will be made of paper. m/m

Management

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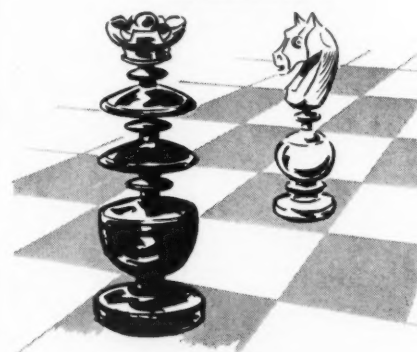
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Management

Market

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(For more information, see last page)

thought starters

Thought Starters deal with "practical solutions to administrative problems." The editor invites contributions—which are paid for at our normal space rates.

SYSTEMS

New production controls save time and money

By W. F. Schwartz

Despite increased volume experienced during recent years by the Richards-Wilcox Manufacturing Co., Aurora, Ill., lack of effective production control was putting the squeeze on profits.

The firm's manufacturing routing system was highly involved, every order requiring nine detailed, hand-written copies. Supervisors were bogged down with paper, processing of orders was time consuming and costly, errors caused production delays.

But today, information is issued with only one writing; the number of printed forms has been reduced 50%, with a paper cost saving of 10%, and order writing has been cut from 15 to five minutes, a daily saving of 16 hours of labor out of each 100 hours.

A new Ozalid system and machine has taken all the laborious planning and organization work out of the hands of the foremen and centralized it in one manufacturing routing department which is charged with getting all work out on time with a minimum of confusion and expense. For standard items, the new system provides two master forms: a production order and a stores requisition form. Many items are standard and to eliminate repetition of the same basic information from one order to the next, a matte film, made from translucent paper originals, is now prepared. On the matte film new order information is easily added to old standard information. After the necessary copies of both forms for manufacturing routing are run off, the variable data are wiped off and the matte film filed until time for the next order. These masters are durable, lend themselves to fre-

quent, quick changes and last indefinitely.

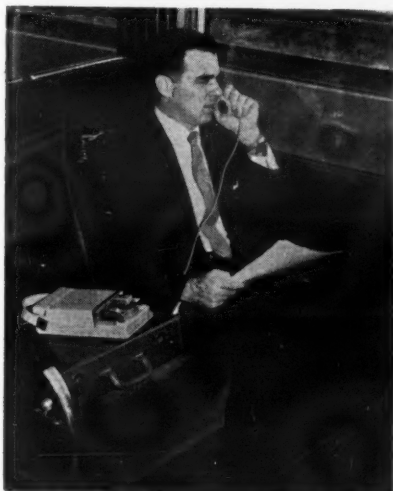
With special orders for custom products, the production department uses multiple part forms incorporating Ozalid masters for production order and store requisition. These multiple part forms give the copies required for the first distribution of information. When information is sent out for office records and job processing, the Ozamatic machine produces the copies required.

ADMINISTRATION

Portable dictation unit runs on flashlight batteries

A six-pound portable dictation unit, powered by four standard flashlight batteries, has been marketed by SoundScriber Corp. It is said to run at an operating cost of only five cents per hour.

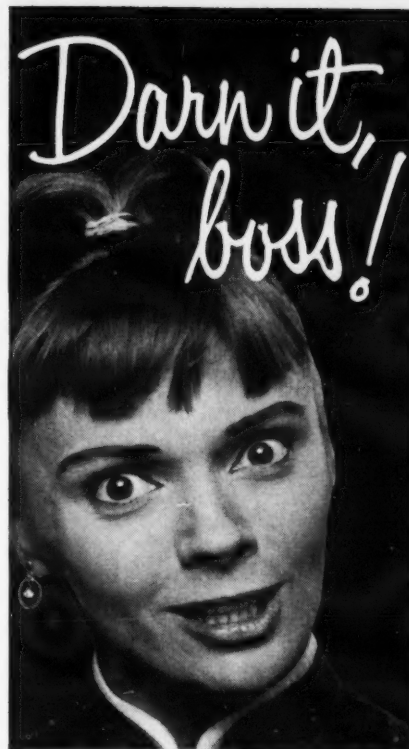
Transistorized and self-contained, the unit uses a 15-minute



SoundScriber's new portable dictating unit needs no plug in.

plastic recording disc, which is mailable in standard envelopes at regular letter rates. The disc can also be played on a regular 33 $\frac{1}{3}$ rpm home phonograph.

The manufacturer says that field tests of the new 200-B unit have been made in all parts of the world



Everything else in the office is mechanized!

So why make us high-priced stenos walk round and round a table, hand-gathering sets of papers for reports, bulletins, manuals and catalogs?

Don't you know the Macey Collator will do this work automatically—faster than 8 girls can—and never make a mistake? Also, it not only collates, but staples and counts as well.

Please, Boss, let Macey make a study of all the collating we do. Then you'll invest in a Macey and we can get back to our desks. It'll more than pay for itself. And it'll save my feet. (They're killing me!)



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(For more information, see last page)

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under varying conditions, and that they have shown "excellent results."

For more information, circle number 610 on the Reader Service Card.

PRODUCTION

Inspection by X-ray cuts scrap losses 40%

An X-ray department that occupies only 1,000 square feet has cut scrap metal losses 30% to 40% at the foundry of the Gaines Co. in Rivera, Calif.

A 170KB GE machine, producing a 14"x17" negative and requir-



X-ray inspection machine at the plant of the Gaines Co.

ing only 15 minutes of developing time, is used to inspect sample castings taken off the production line at two-hour intervals. Reject rate on the foundry's finished work has dropped to less than 5%, considered very low for this industry.

In connection with the inspection routine, stand-by molds are kept handy so molders can move on to a new part until reasons for a spotted defect can be ascertained.

NEW LITERATURE

Pennsylvania issues latest tax data

Steps taken by the 1957 session of the Pennsylvania General Assembly to create tax conditions favorable to new and established industries are outlined in a new

booklet just published by the state's Department of Commerce.

Five basic tax changes, discussed in detail in the booklet, were effected. They include:

- Exemption of manufacturers from capital stock and franchise taxes.
- Completion of elimination of machinery and equipment from local and valorem property taxation.
- Repeal of tax on stock transfers.

■ Making permanent previous temporary 3% rate of the state's sales tax.

■ Reducing sales tax on purchases made by manufacturing firms.

The state's revenue department, the booklet notes, has combined a number of its forms, thus reducing time, effort and expense for both the state and reporting companies.

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(For more information, see last page)

Should you have a banker on your board?

(Continued from page 27)

that bankers are apt to dominate the industrial directorate is held by many businessmen, as reflected by Mr. Kyle, a small manufacturer:

"The performance of a board of directors is gauged by the sum total of the personal knowledge and experience of the individuals who comprise the board. While the decisions are made by the board, the idea or plan is usually the origination of one man. In financial management, the banker-director is apt to dominate the board. If he is well-balanced, fine, but, if he is ultra-conservative, then the normal progress of the company might be retarded."

Mr. Stearns, merchant:

"When the bank has a direct voice in the corporate affairs (through the medium of having one of their bank officers serve on the directorate) it usually means that the officer naturally assumes a dominant role in shaping the policy of the board of small corporations."

Lawyer Brokaw:

"If the commercial institution is a large one and its directors and officers are mentally active, the bank officer on the board does not dominate as he does in a small corporation where the officers rather assume the idea that the bank officer is a very wise person and that any thoughts possessed by him should be followed literally."

Management Consultant Shields observes:

"There is a vast difference between legal authority and real authority. No director has more than one vote, but his personality and connection can well mean that he carries the weight of the majority of the board."

Conservatism vs. business risks

It is the banker's role to view all business transactions with caution. His experiences, through a succession of business cycles, support and justify his adherence to a policy of conservatism. On the other hand, the businessman, to be successful,

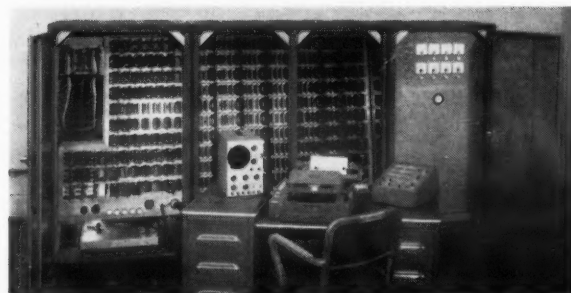
must take business risks. The banker thinks in terms of the borrower's ability to repay, whereas the businessman thinks in terms of the profit motive. These divergent viewpoints may militate against the interests of a company whose board is dominated by a banker. That he may influence decisions which adhere to an ultra-conservative policy, and thereby retard the normal progress of the enterprise, is the belief of many businessmen. Lawyer Green:

"The average banker, in my opinion, is too conservative in his approach for industrial business. The same may well be said for the average lawyer. The bankers and the lawyers cannot afford to take unnecessary risks. The successful businessman must take substantial risks."

On the other hand, Corporation Attorney Ingalls is opposed for another reason, i.e., that the banker may be too market-conscious. He says:

"My reaction would be very definitely against having any bankers on an industrial directorate. They are entirely too much interested in

save time and money... ship via N



Left—Alvac, electronic digital computer, loads uncrated into padded van at manufacturer's West Coast plant. Right—North American's fast, safe service—door-to-door—has customer's unit in operation ahead of schedule.



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the market price at which the stock of the company is selling or likely to sell as contrasted with the building of a sound commercial business. I can't help but think that a great many of our best business organizations in this country were built and achieved success before their stocks were ever marketed at all. The founders and men interested in these businesses had no interest in and paid no attention to any market prices for stock while they were building their success."

Restricted bank contacts

Another disadvantage to the industrial management could result through its complete reliance upon the banker-director for its contact with the bank. There is a tendency for the bank customer to depend upon the director as liaison for all necessary banking business, ignoring all former contacts with other bank officers. If the banker-director should resign from his bank affiliation, or retire and move away, the industrial customer loses valuable opportunities to cement relations with others on the bank staff.

Mr. Bryant, a prominent ac-



ABOUT THE AUTHOR

Philip S. Shoemaker is a member of the Executive Committee, Group 8, of the Pennsylvania Bankers Association, and chairman of the Special Activities Committee of the Small Business Credit Commission of the American Bankers Association. A past president of Pittsburgh's North Side Chamber of Commerce, he presently serves as its Legislative Committee chairman.

counting executive, who enjoys a wide practice and serves on eight industrial directorates states:

"Bankers are nuisances on industrial boards. If a loan is a good one, they argue in board meetings against having it paid off, and if it is not good, they insist upon its being liquidated—often at an awkward moment for the corporation."

Extending directorship bid

It has been said that the utilization of the outside point of view,

especially the banker's, is the bench-mark of a progressive business management. Should the idea of having a banker-director not appeal to a certain industrial directorate, the chairman should encourage the management to exploit its rightful share of the banker's counsel at the bank.

On the other hand, if, when the adverse factors are considered and found to be "on balance," and the practice is found to offer an advantage to a particular company, then it is in order to proceed with the consideration of the manner of making the overture to the banker to acquaint him with the board's desire to enlist him.

Many an industrial board has toyed with the idea for years without taking positive steps. In one such case, when circumstances finally set the stage and the banker graciously accepted a directorship, the board members regretted their shyness which deferred their action years earlier. The initiative should be taken promptly, following the board's decision to extend the invitation. m/m

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(For more information, see last page)

SLASH THE COST OF CARRYING INVENTORY

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**The first book on scientific inventory control written
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Scientific Inventory Control shows how modern business mathematics can give you the answers to these questions—but you don't have to be a mathematician to read and use this handbook. 86 easy-to-understand tables and figures "lead you by the hand" through proved-in-use formulas that are now being used to control inventory in dozens of well-managed firms.

You will find valuable guides on how to establish the proper safety margins to avoid out-of-stock situations . . . how to evaluate the quality of lead-time data . . . how to compute order quantities when usage is variable . . . how to handle the quantity discount problem . . . how to make a scientific inventory study. And you'll understand the practical language because *Scientific Inventory Control* was written by a practical operating man—Evert Welch, Director of Procurement, Aeronautical Division of Minneapolis-Honeywell.

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You can prove to your own satisfaction that this new book will save you

money—without risking a cent. Glance at the table of contents below. If the subject matter seems to fit your firm's problems, fill in the coupon below or the order card bound into this issue of **MANAGEMENT METHODS**. We will send you your copy of *Scientific Inventory Control* promptly. Examine the volume for 5 days, test out a few of its formulas, satisfy yourself that you can use it profitably to reduce inventory levels. Then, if you are completely satisfied, send us a check for \$12.50. Otherwise, return the book without obligation.

Reconciles the conflict between production and procurement

You've heard the argument between production and purchasing men.

The purchasing department says: "Why can't we buy in larger quantities . . . why must the requisitions for the same item be placed repetitively?"

The production department says: "Why can't Purchasing understand that inventories cost money . . . that profits result from inventory turnover?"

Scientific Inventory Control will reconcile these two points of view in the only positive, practical way—with mathematical proof that can be readily understood and applied to standard material items as well as items subject to frequent change.

TABLE OF CONTENTS

Chapter I—introduction to scientific inventory control Why formulas are advantageous in the determinations that create inventory, and why the usual approaches may fail.

Chapter II—distribution-by-value in inventory How to analyze inventory in terms of relative annual usage to properly allocate emphasis to various parts.

Chapter III—working and safety stocks How to identify the two segments of any inventory: stock for usage and protection against stockout.

Chapter IV—an initial approach to the order quantity decision How to make cost reductions in working inventory without making the usual cost studies of carrying inventory or order placement.

Chapter V—the usual approach to scientific order quantity formulas How to derive the standard formulas from cost data and how to determine the proper values for that data.

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ographs and rules How to make and use a large variety of tools for order quantity determination.

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Chapter IX—order quantity and the electronic computer How the computer of the future will make analyses.

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Chapter XI—an introduction to scientific reorder point theory Why the reorder point decision is important in inventory and how it creates a buffer stock for the reduction of inventory failures.

Chapter XII—The importance of leadtime in the reorder point problem How to evaluate leadtime data in the determination of reorder points.

Chapter XIII—the importance of usage in the reorder point problem How to evaluate usage data in the determination of reorder points.

Chapter XIV—The importance of order frequency in the reorder point problem Why stock failures as a percentage of the number of orders is

only a partial answer to satisfactory inventory performance.

Chapter XV—safety stock formulas and applications How to prepare a formula for manual or data computer use and for over-all improvement of inventory performance.

Chapter XVI—making an inventory study How to make use of scientific principles in a typical application to a simple inventory.

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School program

(Continued from page 21)

sule form some school aid ideas now being applied, here are two specific case histories of major significance. The first shows how a community of business firms works together on the school problems; the second sets forth an enlightened program undertaken by an industrial firm alone.

Tulsa's approach

One of the outstanding examples of continuous, diversified business participation with education exists in Tulsa. Schools in this oil-rich Oklahoma city have enjoyed frequent personal exchanges with hundreds of businessmen.

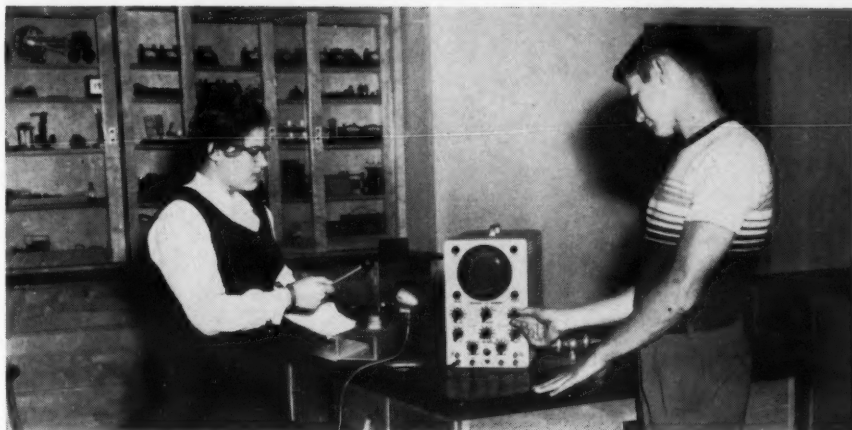
Not only have businessmen given generously of their time in career guidance activities, and sponsored frequent school announcements on radio and TV, but they have also given the schools concrete support in the form of two exhaustive reports on school finance needs from the businessman's viewpoint. These contributed in a large measure to the passage of favorable legislative changes. Through the coordination of the Chamber of Commerce, they have sponsored highly effective Business-in-Education days and are setting up a teacher recognition program and actively promoting educational television in Tulsa.

In the spring of 1957, to help meet the need for more science and math training, a Business Programs Liaison Sub-Committee of the Tulsa Chamber of Commerce made a survey of science teachers to find out their most pressing needs. They came up with a nine-point school aid program which was sent to 115 companies with a request for a pledge of support. Response proved excellent.

Briefed down, here is what Tulsa industry promised to do:

- Provide personnel to speak

Management Methods editors are making an on-the-spot study of the program Tulsa business firms have developed to support local schools. A close-up report of the Tulsa approach will follow as a sequel to this month's article.



Lend or give: Business can help schools by lending equipment for classroom use, or donating equipment no longer needed.

to classes on standard topics, new developments and careers; conduct individual guidance conferences; demonstrate processes and scientific principles; sponsor clubs and special group projects, such as construction of a telescope.

- Invite teachers and selected students to professional meetings of special interest to them.

- Turn pamphlets, bulletins and magazines over to schools when industry is through with them.

- Make films, film-strips, displays and exhibits, relatively free of advertising, available to schools.

- Conduct well-organized tours for entire classes and representative groups.

- Donate surplus and obsolete equipment to schools, or loan special equipment when there is a particular need.

- Offer financial help to individuals or groups working on special projects (\$10 may keep a student from completing a project).

- Increase efforts to provide summer employment for teachers in fields related to their teaching.

- Provide additional scholarships for teachers and students.

If a particular company does not wish to participate in any of these ways, it is asked instead to contribute cash to be held by the coordinator for use on worthwhile projects. Administration of this program is simplified by having all requests channeled through a single coordinator, the Supervisor of Science of the city's schools.

International Paper's approach

Some time ago International Paper Co. began planning a pro-

gram of aid to education in the communities where its mills are located. At first, the company considered scholarships, but then lighted upon the idea of aid to secondary schools. Uncertain on how to implement such a program, members of the International Paper Foundation consulted professional authorities in secondary education. These experts agreed to act as liaison between the IP foundation and school administrators in IP mill communities. Before contact was made with the schools, the company established certain policies it wanted to maintain in connection with the new school aid program.

The major aspects of the policies established were these:

The company would put up money for worthwhile educational projects that the schools themselves felt were needed. Thus the program could be flexible from community to community and from year to year.

The company did not want to assume financial obligations normally incumbent upon the school system itself, nor did it want to underwrite the special new projects indefinitely. Within a reasonable time, the IP sponsored program would have to prove itself worthy of being adopted as part of the regular tax-supported school budget, or be dropped.

Finally, the company made clear that it did not want to dictate to or influence the schools in any way. The financial aid would be given for worthy undertakings with no strings attached, simply to improve local education for the



Cluttered desks like this can cost 30 minutes a day



See! It's designed to keep top clear and drawers organized

Why they bought 300 clutter-proof desks

This ingenious Organized Desk cures bad working habits and saves time

A well-known Louisville, Ky. manufacturer* went along thinking that cluttered desks were—well, just the accepted thing. That is until they bought 300 Shaw-Walker "Clutter-Proof" Desks.

"The improvement in efficiency was amazing," was their frank comment. "At some work stations it meant as much as 30 minutes saved each day."

How can a desk save so much time—time that can go into productive work? With these new desks,

time-wasting top clutter and drawer hodgepodge are eliminated.

Fully 75% of things that clutter tops and drawers of other desks have a *specific place inside* this desk. There are off-the-desk trays

for incoming, outgoing and pending letters, off-the-desk space for work organizers, work separators, deferred projects, binders, books, pads, forms, card lists. There's even an in-drawer wastebasket and provision for in-drawer phone!

See these "Clutter-Proof" desks in 58 color combinations at one of our 17 branches or 470 dealers or write Shaw-Walker, Muskegon 95, Michigan, for our new 252-page Office Guide.

**Name on request*



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benefit of all members of the community.

Once these ground rules were established, International Paper went ahead with its program. Its educational consultants contacted the school officials, helped them survey their special needs and set up programs for the company to sponsor.

To date, this program has been responsible for new educational programs in 20 of the communities where IP has mills. The projects range from development of a program designed to improve techniques in reading instruction, to preparation of a comprehensive five-year guidance program designed to include every student and parent in a school system of 20,000.

How to get started

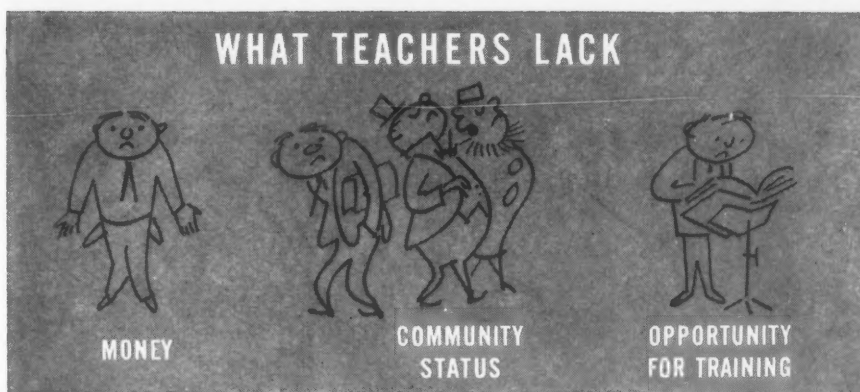
Before you undertake to launch a program of help for your local school system, there are four key points to consider, and then keep strongly in mind.

1. America's school system is not run like the Russian's, for example, with control coming from the top. Each state has its own school legislation, and there are some 50,000 school boards in the country responsible for running the schools at the local level. This highly democratic approach gives the American education system both some of its biggest strengths and weaknesses.

2. Schools are not run like businesses. There are similarities, of course, but the organization and the goals of the school system are different from those in industry. Thus, when you are working with school officials and educators, it's wise to remember that you are playing on their field, not yours.

3. You may be thrown a cold shoulder in your initial offer of assistance. A few educators have been burned by insincere offers of help from business firms. Some companies have gone to the schools using "cooperation" as a tool to pry open the door to a captive student audience. You can break down this kind of resistance by making clear to the educators that there is no commercialism involved in your offer to help, and that you mean business—their kind of business.

4. Business assistance to schools



NEEDED: more and better teachers

An educational system is only as good as its teachers. There are too few teachers now, and the shortage will become more acute in years to come unless more young people can be attracted to the teaching profession.

Teachers complain of three things: lack of money, lack of community status, lack of opportunity for up-to-date training and information.

You can help in each of these three areas:

Example: Campaign for a fair salary schedule for teachers. If teachers don't get an adequate wage in the school system, they'll leave for higher paying jobs. A trained teacher belongs in the classroom, not on a production line.

Example: Make teachers part of your community. In Europe teachers are traditionally regarded with esteem and respect; in the U.S. they are commonly treated as second-class citizens. Change that by sponsoring ads on the importance of teachers, organizing programs to recognize outstanding educators in your area, taking the initiative in welcoming new teachers, and inviting them to your home and club.

Example: Give financial backing to teachers who want to get advanced degrees, attend special workshops, or do special project work. Many teachers would like to take advanced courses in their fields if they had the time or money—or both. Here again, higher salaries would enable teachers to devote time to extra studies, rather than extra jobs.

is not a job that can be successfully handled by a second-rate talent. If you undertake a program, be prepared to assign top level time and effort to it.

How do you get started in a program of support for local education? The simplest approach is the best. Pick up your telephone, call your school superintendent and make an appointment to see him. Tell him of your firm's willingness to help. He will probably give you a number of ideas on how you can help, either alone or by tying

in with programs already underway. Take these ideas back to your company and formulate the program you feel you can handle best. Submit your proposal to the school officials and be guided by their recommendations.

Whether large or small, you can be sure that any sincere offer of assistance will not go unnoticed. Properly formulated, it will be recognized for what it is—an effort to get the country's educational system back up to the level of top priority where it belongs. m/m



It's a lip-smackin' good Coffee-Break!

New OASIS Hot 'n Cold Coffee-Break is easy to make . . . delicious to take

Anyone who can pour water can have a perfect coffee-break with an OASIS Hot 'n Cold Water Cooler. It's fast, efficient, tasty. Prepares in seconds . . . with your favorite instant beverage *plus* piping hot water from the Hot 'n Cold which supplies refreshing cold water, too. To make, pour beverage package contents into a cup, add piping hot water, stir. Could anything be easier . . . *and less time consuming?*

Sanitary, efficient coffee-breaks are assured with an Oasis Beverage Center located close to work areas. Beverage Centers—Hot 'n Cold and attractive

color-matched Beverage Locker—end messy, old-fashioned, "coffee-maker" methods forever. Also ends going or sending out for coffee. It's a natural! Gives you the perfect coffee-break *and positive coffee-break control.*

Exciting Free Offer: From Jan. 1 to March 31, everyone who orders a new OASIS Hot 'n Cold will get a money-saving BEVERAGE BONUS: 100 packaged beverages (individual service envelopes of instant coffee, chocolate, beef broth and chicken broth, plus Pream and sugar), 100 cups, 100 spoons, so ACT NOW! Fill in the coupon below. Send for your free beverage certificate entitling you to the beverages and the new, informative booklet: "How to cut coffee-break time in half."



Oasis Hot 'n Cold Model BR-HC with refrigerated compartment and Beverage Locker. Latter holds hundreds of assorted instant beverage envelopes, cups, spoons. Locks for safekeeping.



OASIS HOT 'N COLD WATER COOLERS

*and standard coolers in pressure
and bottle models*

Sold everywhere . . . Rented in many areas

DISTRIBUTED IN CANADA BY G. H. WOOD & COMPANY, LTD.

(For more information, see last page)

THE EBCO MANUFACTURING COMPANY
Dept. 1-H, Columbus 13, Ohio

Rush my free copy "How to cut coffee-break time in half,"
PLUS my FREE BEVERAGE CERTIFICATE to:

name _____
company _____
address _____
city _____ zone _____ state _____

How to popularize your annual report

(Continued from page 24)

shows how its principal products are used in its major markets—building materials and flooring products, industrial specialties, and packaging. Cut-away drawings of a house and factory show the various products in actual use in home and industry. Neat illustrations of various types of packages and containers show shareholders the extent of the packaging line.

Including an illustrated products section like this in an annual report serves a number of purposes. For one thing, it tends to make the report more readable and interesting. In addition, it sometimes allows you to use the annual report as a sales tool, in place of other product literature. Finally, it helps the stockholder achieve a closer identification with your company, and pride in your company, especially if your products are the kind that he is likely to see around him in his daily life.

The extra touch

Your annual report is worth a little extra thought, because a good idea can go a long way. For example, Minneapolis-Honeywell supplemented one of its recent annual reports with a guide entitled, "How to Read an Annual Report." Presented in easy-to-follow question and answer form, the supplement presented a clearcut analysis of the annual report's three primary ingredients: the letter to the shareholders, the balance sheet, and the summaries of in-

+ VALUE: BUILD EMPLOYEE GOOD WILL



New York Telephone

More corporations are using annual reports to communicate with employees, or to give them recognition for their contributions.

come and surplus. Brightened with simple line drawings, the 12-page booklet also explained why the various contents of the annual report were included.

The "something extra" in an annual report may pertain to its design. For example, an Ohio Match Co. report was die-cut to resemble a match book.

Westinghouse circulated a report that looks like a checkbook. Each main classification of expense is represented by a check. A stub indicates what is left of the original deposit, and the page facing the check explains the expenditure.

Fairchild Camera and Instrument Corp. came up with another idea for its 1956 annual report. It included a glossary of business and engineering terms used in the company—terms which also appear in various parts of the annual report.

President Sherman M. Fairchild explains that the idea for the glossary came from one of the company's stockholders. He points out that the proposal to publish a glossary is just one more example of the useful role modern stockholders can—and want to—play in the affairs of their companies. “Man-

WHO SHOULD GET YOUR ANNUAL REPORT?

When your annual report comes off the press, don't just distribute it to your stockholders and let it go at that. Send it also, with a brief covering letter, to radio and television commentators, business and financial editors, and newspaper columnists.

Schools and colleges, will welcome copies, in addition to public libraries.

Send it to "thought leaders" and other people of influence in the company community, such as ministers, government officials, doctors and dentists, officers of

civic clubs. And don't overlook potential customers, such as purchasing agents of business firms and government agencies.

Some companies go so far as to distribute their annual reports to such places where people congregate as barber shops and beauty shops, and to places of amusement.

By distributing your annual report extensively, you can use it as a potent public relations and sales promotion tool. It can serve as a showcase for your company and its products.

ARE YOU "ORGANIZED" TO GET THE MOST OUT OF YOUR CREATIVE PEOPLE?

You can get more "production" out of your creative people—engineers, sales executives, advertising and promotion staff by "organizing" them for greater efficiency. You'll find a score of good ideas in the story of the methods initiated by a major equipment manufacturer to increase the effectiveness of advertising and sales promotion by increasing the effectiveness of creative advertising and sales promotion people in his organization. . . . in February's *Management Methods*!

WHEN TOP MANAGEMENT GOES INTO ACTION

... everyone else down the line follows through!

Because **MANAGEMENT METHODS** works as an administrative "idea book" it stimulates action-thinking . . . reaching more than 50,000 top management executives in 4 out of every 5 companies employing more than 100 people . . . the companies that do the major share of all business in the U. S. today!

No wonder more and more advertisers are finding they can get more sales action for their advertising dollars in *Management Methods*. Why not ask an M/M representative to show you how you can get greater sales results at lower advertising cost.



You'll also want to read these scheduled articles:

—how to present a company personality

Your firms' letterheads, product tags and even plant architecture reflect your company's personality. Here's how to put them to work for you.

—how a company uses aptitude tests to select people suitable for training

This company had to find the 200 best "potential for fast training" out of 1,200 unskilled applicants. Here's how aptitude testing helped them do it.

—how to create your own skilled labor

Case histories: How some companies successfully met the shortage of skilled labor with on-the-job training programs.

—how a small company makes big business financing methods work for them

M/M's Profile of a new kind of company president.

PLUS

- the selling importance of good design—a checklist
- how to conduct a product recruitment campaign
- Jamaica, B.W.I., gateway to the sterling area.

Articles like these are typical of the many practical features you'll want to read in forthcoming issues of **MANAGEMENT METHODS**. This is the kind of useful information that's attracting top management attention—and readership—for every issue!

MANAGEMENT METHODS

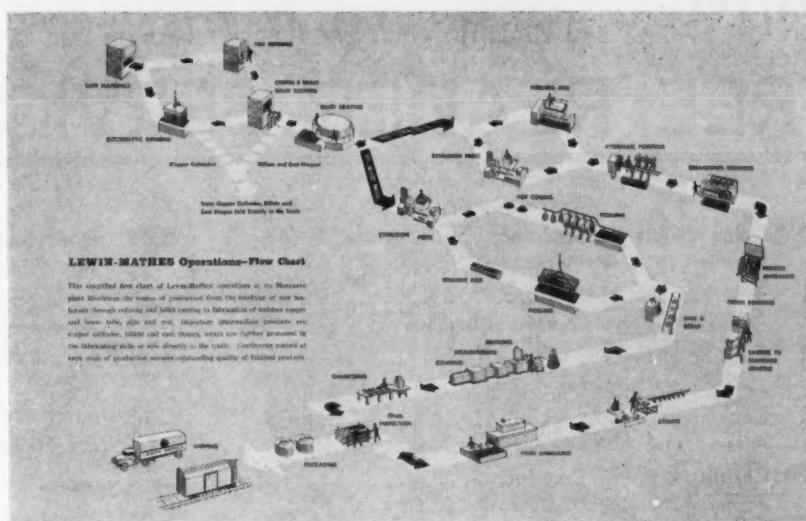
the "how to" magazine
for administrative management.

agement is likely to forget," he says, "that the real owners of the company represent a cross-section of America, the majority of whom have non-technical and non-managerial backgrounds."

These small investors whom President Fairchild referred to may not be as important individually to your company as the big investor in terms of the amount of ownership they hold. But they may be equally important, if not more so, as customers for your products, and as ambassadors of company goodwill. When provided with a fact-filled and appealing annual report, they can do a powerful job of winning friends and influencing people for your organization. A company that continues to sell itself to the public through its annual report can usually count on its stockholders standing behind it in times of possible future crisis, and can usually count on a continually expanding market for its securities.

Will your next annual report

► VALUE: EXPLAIN COMPLEX COMPANY OPERATION



Lewin-Mathes Co.

Flow chart shows investors how their money is used

measure up to its possibilities—and responsibilities?

Remember this one point—the company with a limited budget that spends its money for the right

kind of annual report has a distinct advantage over the corporation with a huge appropriation that sends out an ineffective annual report each year.

m/m

WHAT SHOULD YOUR ANNUAL REPORT CONTAIN?

To help you plan your annual report, here is a check list of the components that most companies consider valuable. You'll want to include others, too, like illustrations and descriptions of your products, depending upon the special purposes set for your report.

DRAMATIC COVER DESIGN: Use an eye-catching cover that identifies your company's primary business activity. A compelling cover will stimulate readers to peruse the report further.

OPERATION HIGHLIGHTS: Feature a summary of the highlights of the year's accomplishments. The shareholders who are unfamiliar with detailed financial statements, as well as casual readers, should be able to find on this page, at a glance, the salient facts of the company's financial position, indications of the immediate trends, operating results, business backlog, and so on, all compared with the previous year.

TABLE OF CONTENT: Don't try to save a page by omitting the table of contents. It enables the reader to find what he is seeking quickly. A good table of contents lists all editorial and financial matter, plus major charts, maps, tabulations and other

illustrations. Some experts say an annual report that exceeds 24 pages should include an alphabetized index.

PRESIDENT'S MESSAGE: The chief executive's report should be kept brief and interesting, preferably contained on a single page or two-page spread, over his signature. A candid photo of the president increases the personal touch. The message should cover past and present trends and relate them to the future outlook for the industry generally and the company in particular. If possible, it should deal with the future dividend policy, long-range goals and management philosophy.

NARRATIVE SECTION: A detailed narrative section, divided by subheadings for each aspect of the company's activities, is a valuable adjunct to the president's message. Don't overlook the use of charts, photographs and other illustrations to add meaning.

FINANCIAL STATEMENTS: The financial report and the auditor's certification, of course, are a must. Simplicity of presentation is the quality to strive for here. Keep explanatory footnotes to a minimum—they generally serve only to confuse the unfamiliar reader.

BACKGROUND STATISTICAL COMPARISONS: Too many companies still feel satisfied to compare present statistics with the previous year, leaving it to the stockholder's memory or research to tell him the changes from earlier years. This may be only an annoying inconvenience for investors with access to statistical services or financial publications, but it is a serious drawback for the small stockholder removed from financial centers unless he is the rare person who saves annual reports from year to year. It's wise, therefore, to include in your annual report a five- or 10-year table of comparative operating statistics to indicate long-term trends.

SOURCES OF REVENUE: Use a pie chart or other graphic device with explanatory caption to depict at a glance the relative sources of revenue and how the income is distributed.

STOCKHOLDER INFORMATION: Most stockholders will be interested in knowing something about the other stockholders in your company. Thus it helps to include a chart or map showing the geographical distribution of holdings, number of male and female stockholders, and so on.

M/M

This Reader Service Section is provided to help you obtain additional information on advertisements in this issue. Simply find the appropriate key numbers in the listing and circle the corresponding numbers on one of the cards bound facing this page.

FREE READER SERVICE SECTION

Key	Advertiser	Page	Key	Advertiser	Page
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501	American Lithofold Corp. Agency: Burlingame-Grossman Advertising	40	527	Kleinschmidt Laboratories, Inc. Agency: Alex T. Franz, Inc.	16
502	Automatic Electric Co. Agency: Proebsting, Taylor, Inc.	11	528	Macey Co., subsidiary of Harris-Intertype Corp. Agency: Fuller & Smith & Ross, Inc.	61
503	Bankers Box Co. Agency: Frank C. Jacobi Advertising, Inc.	32	—	Management Magazines, Inc.	72
504	Charles Bruning Co., Inc. Agency: H. W. Kastor & Sons Adv. Co., Inc.	31	—	Management Publishing Corp.	56 & 66
505	Burroughs Corp. Cover IV Agency: Campbell-Ewald Co.	IV	529	Metalcraft, Inc.	47
506	Business Electronics, Inc. Agency: Don L. Burgess Advertising	32	530	Momar Industries Agency: Leonhardt-Howland Advertising	50
507	Cole Steel Equipment Co., Inc. Agency: Webb Associates, Inc.	33	531	Monsanto Chemical Co. Agency: Gardner Advertising	41/42
508	Columbia Ribbon & Carbon Mfg. Co., Inc. Agency: E. M. Freystadt Associates, Inc.	4	532	Moore Business Forms, Inc. Agency: N. W. Ayer & Son, Inc.	35
509	Commonwealth of Pennsylvania Agency: Kastor, Farrell, Chesley & Clifford, Inc.	10	533	Muzak Corp. Agency: Schwab & Beatty, Inc.	5
510	Comptometer Corp. Agency: Henri, Hurst & McDonald, Inc.	8	534	The McBee Co. Agency: C. J. LaRoche & Co., Inc.	9
511	Cramer Posture Chair Co., Inc. Agency: Allmayer, Fox & Reshkin Agency, Inc.	63		National Cash Register Co. Agency: McCann-Erickson, Inc.	
512	Datamatic Corp. Agency: Batten, Barton, Durstine & Osborn, Inc.	59	535	Accounting Machines	38
513	A. B. Dick Co. Agency: Fuller & Smith & Ross, Inc.	13	536	Paper	Cover III
514	Diebold, Inc. Agency: Penn & Hamaker Advertising	15	537	North American Van Lines, Inc. Agency: Applegate Advertising	64/65
515	Ebco Mfg. Co. Agency: Geyer Advertising, Inc.	70	538	Oxford Filing Supply Co. Agency: Kelly, Nason, Inc.	49
516	Elbe File & Binder Co., Inc. Agency: Kenneth L. Nathanson Associates	39	539	Pitney-Bowes, Inc. Agency: L. E. McGivena & Co., Inc.	10
517	Filmsort, Inc. Division of Dexter Folder Co. Agency: Ladd, Southward & Bentley Advertising	17	540	Royal Metal Mfg. Co. Cover II Agency: William Hart Adler, Inc.	II
518	William A. Force & Co. Agency: Philip I. Ross Co.	50	541	St. Petersburg, Fla., Chamber of Commerce. Agency: Alfred L. Lino & Associates	2
519	General Electric Co. Agency: Young & Rubicam, Inc.	6/7		Shaw-Walker Co. Agency: J. Walter Thompson Co.	68
520	The Globe-Wernicke Co. Agency: Strauchen & McKim Advertising	39	543	Stromberg Time Corp. Agency: G. F. Sweet & Co., Inc.	60
521	Graphic Systems, Inc. Agency: Diener & Dorskind, Inc.	34	544	The Sturgis Posture Chair Co. Agency: Blaco Advertising	37
522	G. R. Products, Inc. Agency: Norman-Navan, Inc.	47	545	Surco International Corp. Agency: Allen, McRae & Bealer, Inc.	34
523	E. F. Hauserman Co. Agency: Meldrum & Fewsmith, Inc.	44	546	TelAutograph Corp. Agency: J. W. Christopher, Inc.	36
524	The Haloid Co. Agency: Hutchins Advertising Co., Inc.	1	547	United States Rubber Co. Agency: Fletcher D. Richards, Inc.	51
525	Howe Folding Furniture, Inc. Agency: Lawrence Peskin, Inc.	46	548	United Van Lines, Inc. Agency: Kelly, Zahndt & Kelly, Inc.	12
			549	Veeder-Root, Inc. Agency: Sutherland-Abbott Advertising	48
			550	Visi-Shelf File, Inc. Agency: Ritter, Sanford & Price, Inc.	39

B U S I N E S S R E P L Y C A R D

No Postage Stamp Necessary if Mailed in the United States

**FIRST CLASS
PERMIT No. 337
(Sec.34.9,P.L.&R.)
Greenwich, Conn.**

POSTAGE WILL BE PAID BY

MANAGEMENT MAGAZINES, INC.

22 West Putnam Avenue

GREENWICH, CONN.

B U S I N E S S R E P L Y C A R D

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MM's FREE READER SERVICE

For more information on any advertisement or keyed editorial item, simply fill out the card below, circle the appropriate key numbers, detach, and mail. We pay the postage. Please use card number 1 first. Advertisers' key numbers are listed in Reader Service Section. Key numbers for editorial items may be found accompanying those items.

JAN 2	500	501	502	503	504	505	506	507	508	509	510
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	621	622	623	624	625	626	627	628	629	630	631

Please print

Name

Title

Company

Address

City Zone..... State.....

Number of employees in firm

Type of business

- ☐ Send Management Methods for one year at \$5.00
☐ Bill me ☐ Bill company

MM's FREE READER SERVICE

For more information on any advertisement or keyed editorial item, simply fill out the card below, circle the appropriate key numbers, detach, and mail. We pay the postage. Please use card number 1 first. Advertisers' key numbers are listed in Reader Service Section. Key numbers for editorial items may be found accompanying those items.

JAN 1	500	501	502	503	504	505	506	507	508	509	510
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	621	622	623	624	625	626	627	628	629	630	631

Please print

Name

Title

Company

Address

City Zone..... State.....

Number of employees in firm

Type of business

- ☐ Send Management Methods for one year at \$5.00
☐ Bill me ☐ Bill company

TEAR OUT AND MAIL THIS FREE READER SERVICE CARD



NCR PAPER
 ASSETS PURCHASED OR RECEIVED
 SECURITY NATIONAL BANK SAVINGS AND TRUST CO. TRUST DEPT.
 ST. LOUIS, MISSOURI
 TR. NO. _____ TICKET NO. _____
 NAME _____ DATE _____

MULTIPLE COPIES WITHOUT CARBONS

It's done with NCR PAPER!...up to eight legible copies

Your business forms can now be produced in multiple copies without the use of carbon paper or even carbonization. Yes, thanks to the research laboratories of The National Cash Register Company, an amazing paper has been perfected that makes perfect copies of requisitions, invoices, sales slips or any of hundreds of business applications where clear, clean copies are required.

Up to five legible copies can be made on NCR Paper with a standard typewriter,

ball-point pen or pencil and eight or more with a business machine or electric typewriter. Because it requires no carbon inserts, NCR Paper is a great time-saver and smudging of copies and fingers is eliminated.

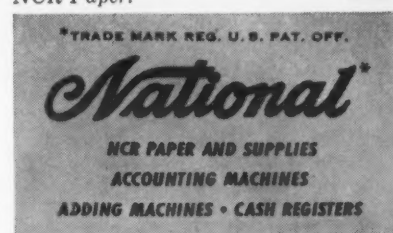
It's so simple to use too. Just put together several forms that have been printed on NCR Paper—insert them in a business machine or typewriter and the copies come out clear, clean and easy to read.

Your forms can be printed on NCR Paper by your present forms supplier. The cost is much lower than you think and you'll be pleased by the way NCR Paper produces clearer, cleaner copies. Phone your supplier today and ask about getting your forms printed on NCR Paper.



ANOTHER PRODUCT OF
THE NATIONAL CASH REGISTER COMPANY, Dayton 9, Ohio
 989 OFFICES IN 94 COUNTRIES

(For more information, see page 74)





Mission Accomplished

When high-level decisions are made—on which the fate of whole businesses may hinge—accurate, up-to-the-minute figure facts on every phase of the firm's business are vital. The kind Burroughs Sensimatic's new Management Control concept faithfully provides.



So much rides on decisions made at conference tables—for businesses big and little. Decisions that may involve sales trends or cost control. Production or inventory, or other basic internal accounting information.

When you need such figures, you need them *promptly*, of course. And they must be up to the minute. Accurate. Comprehensive. Well organized. Worthy of your confidence.

The Burroughs Sensimatic is geared precisely to the job. It's built with the inherent speed, accuracy and flexibility to keep pace with your business activities, no matter how fast-moving, and deliver the exact information you need when you need it.

Are there areas of your business in which greater management control is imperative? There's a Sensimatic solution. Just call in a Burroughs system counselor from our local branch office. Or write Burroughs Division, Burroughs Corporation, Detroit 32, Michigan.

Burroughs Sensimatic

"Burroughs" and "Sensimatic"—Reg. TM's.

(For more information, see page 74)

